



EAGLE MOUNTAIN MINING LIMITED
ACN 621 541 204
PROSPECTUS

This Prospectus is being issued for the following offers:

1. a non-renounceable pro-rata offer to eligible shareholders on the basis of 1 New Share for every 5 Shares held on the Record Date at an issue price of \$0.15 per New Share, together with 1 Attaching Option for every 2 New Shares subscribed for and issued, to raise up to approximately \$2.77 million (**Entitlement Offer**); and
2. an offer of any shortfall under the Entitlement Offer on the terms set out in Section 1.3 of the Prospectus (**Shortfall Offer**),

(collectively, **the Offers**).

The Entitlement Offer closes at 5:00pm (WST) on Friday, 7 June 2019.*

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IT SHOULD BE READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR
PROFESSIONAL ADVISER WITHOUT DELAY.**

**AN INVESTMENT IN THE SECURITIES OFFERED IN CONNECTION WITH THIS
PROSPECTUS SHOULD BE CONSIDERED OF A SPECULATIVE NATURE.**

*The Company reserves the right, subject to the Corporations Act and Listing Rules to extend the Closing Date for the Entitlement Offer.

IMPORTANT INFORMATION

This Prospectus is dated 13 May 2019 and was lodged with ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus). The Company will apply for Official Quotation by ASX of the Shares offered by this Prospectus.

A copy of this Prospectus is available for inspection at the registered office of the Company at Ground Floor, 22 Stirling Highway, Nedlands, Western Australia, during normal business hours. The Prospectus will also be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company. The Offers contemplated by this Prospectus are only available in electronic form to persons receiving an electronic version of this Prospectus within Australia, New Zealand, Singapore or Switzerland.

Applications for Securities will only be accepted on an Application Form attached to or provided by the Company with a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

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

No action has been taken to permit the offer of Securities under this Prospectus in any jurisdiction other than Australia, New Zealand, Singapore or Switzerland. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in an Offer. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 4.

This Prospectus includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in the forward looking statements.

Definitions of certain terms used in this Prospectus are contained in Section 7. All references to currency are to Australian dollars and all references to time are to WST, unless otherwise indicated. Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

CORPORATE DIRECTORY

Directors

| | |
|--------------|-------------------------------------|
| Charles Bass | Managing Director & CEO |
| Rick Crabb | Non-Executive Chairman |
| Roger Port | Non-Executive Director |
| Brett Rowe | Alternate Director for Charles Bass |

Company Secretary

Mr Mark Pitts

Registered and Principal Office

Ground Floor, 22 Stirling Highway
NEDLANDS WA 6009

Telephone: +61 8 9381 2808
Facsimile: +61 8 9321 6084
Email: info@eaglemountain.com.au
Website: www.eaglemountain.com.au

ASX Code

Shares: EM2

Lead Manager to the Offers

Peloton Capital Pty Ltd
AFSL 406040
Level 8, 2 Bligh Street
SYDNEY NSW 2000

Share Registry*

Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001
Telephone (local): 1300 850 505
Telephone (international): +61 3 9415 4000

Solicitors to the Offers

Bellanhuse Lawyers
Level 19, Alluvion
58 Mounts Bay Road
PERTH WA 6000

Auditors*

William Buck Audit (WA) Pty Ltd
Level 3, 15 Labouchere Road
SOUTH PERTH WA 6151

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

PROPOSED TIMETABLE

| Event | Date |
|--|------------------------------|
| Lodgement of Appendix 3B and Prospectus with ASX | Pre-market on 13 May 2019 |
| Notice of Offers sent to Shareholders | 14 May 2019 |
| Shares quoted on an "EX" basis | 15 May 2019 |
| Record Date for determining Entitlements | 16 May 2019 |
| Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders | 20 May 2019 |
| Last day to extend the Entitlement Offer Closing Date | 4 June 2019 |
| Closing Date of Entitlement Offer (5pm WST)* | 7 June 2019 |
| Shares quoted on a deferred settlement basis | 11 June 2019 |
| Notification of Shortfall | 13 June 2019 |
| Anticipated date for issue of the Securities under the Entitlement Offer Deferred settlement trading ends | 17 June 2019 |
| Anticipated date for commencement of New Shares trading on a normal settlement basis | 18 June 2019 |

All dates (other than the date of the Prospectus and the date of lodgement of the Prospectus with ASX) are indicative only. The Directors may extend the Entitlement Offer Closing Date by giving at least three Business Days' notice to ASX. The Company reserves the right, subject to the Corporations Act, Listing Rules and any other applicable laws, to vary any other date of the Offers, including accepting late Applications, either generally or in particular cases, without notice.

LETTER TO SHAREHOLDERS

Dear Shareholder,

On behalf of the Board of Eagle Mountain Mining Limited, I am pleased to invite you to participate in a non-renounceable pro-rata 1-for-5 entitlement offer to Eligible Shareholders of Shares at an issue price of \$0.15 each, together with 1 Attaching Option for every 2 Shares subscribed for and issued, to raise a total of approximately \$2.77 million (before costs).

The Entitlement Offer will only be made to Eligible Shareholders registered at the Record Date who will be sent an Entitlement and Acceptance Form which will be accompanied by this Prospectus. To accept your Entitlement under the Entitlement Offer, you will need to follow the instructions on the Entitlement and Acceptance Form.

Drilling is currently-ongoing at the Scarlett Prospect, part of the Company's Silver Mountain Project. Phase 1 drilling has recently been completed at the Pacific Horizon and Red Mule Prospects. Our exploration team, led by CEO, Charlie Bass, and Chief Geologist, Fabio Vergara, are assessing all the drilling data as it comes to hand and have recruited specialist consultants in various fields to assist in the assessment. The four different styles of mineralisation and three prospect locations require detailed and in-depth analysis of the vast amount of data being received, to optimise future drill target locations.

The Silver Mountain Project lies on the same geological setting that hosts world-class porphyry copper mines such as Bagdad and Miami and also Rio/BHP's Resolution project (one of the largest undeveloped copper deposits in the world) and in addition is also on the southern extension of the metallogenic belt that hosts United Verde and Iron King mines.

Funds raised from the Entitlement Offer will enable ongoing exploration at the Silver Mountain Project, the evaluation of new opportunities in Arizona and will contribute to the costs of the Entitlement Offer and provide additional working capital. Further information on the proposed use of funds is included in Section 1.5 of this Prospectus.

The Prospectus includes further details of the Offers and the effect of the Offers on the Company, and a statement of the risks associated with investing in the Company. This is an important document and should be read in its entirety. If you have any doubts or questions in relation to the Prospectus you should consult your stockbroker, accountant, solicitor or other independent professional advisor to evaluate whether or not to participate in the Offers.

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

Yours faithfully

A handwritten signature in black ink, appearing to read 'R. Crabb', with a stylized flourish at the end.

Rick Crabb
Chairman

INVESTMENT OVERVIEW

This Section is intended to highlight key information for potential investors. It is an overview only, and is not intended to replace the Prospectus. Potential investors should read the Prospectus in full before deciding to invest in Securities.

| Key Information | Further Information |
|--|---------------------|
| <p>Transaction specific prospectus</p> <p>This Prospectus is a transaction specific prospectus for offers of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.</p> | <p>Section 5.4</p> |
| <p>Risk factors</p> <p>Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4, including (but not limited to) risks in respect of:</p> <ul style="list-style-type: none"> • Exploration, geological and development risks: The success of Eagle Mountain depends on the delineation of economically recoverable reserves and resources, access to required development capital, movement in the price of commodities, maintaining title to Eagle Mountain's Mining claims and obtaining all consents and approvals necessary for the conduct of its exploration activities. The actual costs of exploration may materially differ from Eagle Mountain estimates. Eagle Mountain cannot give any assurance that cost estimates and their underlying assumptions will be realised in practice. This may materially and adversely affect Eagle Mountain's viability. • Future capital requirements: Eagle Mountain's ongoing activities are likely to require substantial further financing in the future, in addition to amounts raised pursuant to the Offers. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the price of Shares offered under the Offers or may involve restrictive covenants which may limit Eagle Mountain's operations and business strategy. Although the Directors believe that additional capital can be obtained, there cannot be any assurance that appropriate capital or funding, if and when needed, will be available on terms favourable to Eagle Mountain or at all. If Eagle Mountain is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations which may result in a material adverse effect on Eagle Mountain's activities and its ability to continue as a going concern. • Exchange rate fluctuations: Eagle Mountain's financial statements are expressed in Australian dollars. International prices of most commodities are denominated in United States dollars and much of the expenditure incurred by | <p>Section 4</p> |

| Key Information | Further Information |
|---|----------------------------|
| <p>Eagle Mountain is denominated in United States dollars and Canadian dollars. This exposes Eagle Mountain to the fluctuations and volatility of the rate of exchange between the United States dollar, Canadian dollar and the Australian dollar, subject to any currency hedging Eagle Mountain may undertake. The exchange rate is affected by numerous factors beyond the control of Eagle Mountain, including international markets, interest rates, inflation and the general economic outlook.</p> <ul style="list-style-type: none"> • Reliance on key personnel: Recruiting and retaining qualified personnel is important to Eagle Mountain's success. Eagle Mountain has a small number of employees and may be adversely impacted by employees ceasing their employment with Eagle Mountain. • Commodity price fluctuations: In the event of exploration and development success, any future revenue derived from the future sale of copper and gold will expose Eagle Mountain to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of Eagle Mountain. These factors include world demand for commodities, forward selling by producers and the level of production costs. Moreover, prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, these commodities. | |
| <p>Entitlement Offer</p> <p>This Prospectus is for a non-renounceable entitlement issue of 1 New Share for every 5 existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.15 per New Share to raise up to approximately \$2.77 million (before costs).</p> <p>Participants in the Entitlement Offer will also be issued with 1 unquoted Attaching Option for every 2 New Shares subscribed for and issued. The Attaching Options will have an exercise price of \$0.20 and expire on 31 July 2021.</p> | <p>Section 1.2 and 5.2</p> |

| Key Information | Further Information |
|---|---------------------|
| <p>Eligible Shareholders</p> <p>The Entitlement Offer is made to Eligible Shareholders only. Eligible Shareholders are those Shareholders who:</p> <ul style="list-style-type: none"> are the registered holder of Shares as at 5.00pm (WST) on the Record Date; and have a registered address in Australia or, subject to the offer restrictions in Section 1.14, New Zealand, Singapore or Switzerland. | Section 1.2 |
| <p>Shortfall Offer</p> <p>Any New Shares and Attaching Options not applied for under the Entitlement Offer by the Closing Date will become Shortfall Securities and will be offered under this Prospectus (Shortfall Offer). Directors reserve the right to issue any Shortfall Securities within three months after the Entitlement Offer Closing Date. Eligible Shareholders who subscribe for their full Entitlement may participate in the Shortfall Offer by following the instructions on their Entitlement and Acceptance Form.</p> | Section 1.3 |
| <p>Use of funds</p> <p>Funds raised under the Offers are intended to be used towards ongoing exploration at the Silver Mountain Project, evaluation of new opportunities in Arizona, as well as for costs of the Offers and general working capital.</p> | Section 1.5 |
| <p>Underwriting</p> <p>The Offers are not underwritten. Peloton Capital Pty Ltd (Peloton) has been engaged as the Lead Manager. A summary of the terms of Peloton's engagement is set out in Section 5.3.</p> | Section 1.8 and 5.3 |
| <p>Effect on control of the Company</p> <p>Shareholders should note that if they do not participate in the Offer, their holdings will be diluted.</p> <p>The Company's largest Shareholder is Silver Mountain Nominee Pty Ltd as trustee for The Silver Mountain Mining Trust (SMMT), an entity associated with Director Mr Charles Bass. As at the date of this Prospectus, SMMT has voting power of 39.6% and has advised the Company that, as at the date of this Prospectus, its intention is to subscribe for its full Entitlement (subject to not breaching limitations set out in the Corporations Act). In accordance with the Corporations Act, in the event the Entitlement Offer is not fully subscribed, the Company may only issue that number of New Shares to SMMT that would permit no greater than a 3% increase to its holding (i.e. to a maximum of 42.6%). Pursuant to the Listing Rules SMMT is unable to participate in the Shortfall Offer.</p> <p>Where SMMT subscribes for its full Entitlement to bring SMMT's total shareholding interest in the Company to 43,980,001 Shares, subscriptions for a minimum of \$507,426 (representing 3,382,839 New Shares) would need to be</p> | Section 3.3 and 5.8 |

| Key Information | Further Information | | | | | | | | | | | | | | | | |
|--|---------------------|---------------------------|------------------------|--------------------|--|------------|---------------------------|------------------------|---|------------|-------------------------|-----|--------------------------|-------------|------------|---------|-----------|
| <p>received from other Eligible Shareholders or under the Shortfall Offer for SMMT to increase its shareholding interest to the maximum permitted 42.6%. In those circumstances, SMMT will also hold a maximum of 9,665,000 Options. If subscriptions for less than \$507,426 are received from parties other than SMMT, then the Company may only issue that number of New Shares to SMMT that would permit no greater than a 3% increase to its holding (i.e. to a maximum of 42.6%).</p> <p>Any Options held by SMMT at completion of the Offers can only be exercised in accordance with the limitations set out in the Corporations Act, including:</p> <ul style="list-style-type: none">• where such acquisition results in no impact on SMMT’s shareholding interest;• where such acquisition results in SMMT increasing its shareholding interest in the Company by no more than 3% every six months (in accordance with item 9 of section 611 of the Corporations Act); or• where the Company obtains Shareholder approval for SMMT to acquire a relevant interest that would otherwise contravene the 20% takeover threshold (i.e where SMMT proposes to acquire an interest that is more than 3% greater than its shareholding interest held on the date six months prior). <p>No other investor or existing Shareholder will hold a voting power greater than 20% as a result of the Offer.</p> | | | | | | | | | | | | | | | | | |
| <p>Indicative capital structure and pro-forma balance sheet</p> <p>Subject to rounding down and assuming:</p> <ul style="list-style-type: none">• the Entitlement Offer/Shortfall Offer are fully subscribed;• no further Securities are issued, or Options or Performance Rights are converted into Shares, <p>the indicative capital structure upon completion of the Offers is set out below:</p> <table><tr><th></th><th>Shares</th><th>Unquoted Options</th><th>Performance Rights</th></tr><tr><td>Balance at the date of this Prospectus</td><td>92,526,600</td><td>18,156,599^{2,3}</td><td>180,000^{3,4}</td></tr><tr><td>To be issued under the Offers (including Broker Options)⁵</td><td>18,505,320</td><td>10,252,660¹</td><td>Nil</td></tr><tr><td>TOTAL⁶</td><td>111,031,920</td><td>28,409,259</td><td>180,000</td></tr></table> <p>Notes:</p> <p>1. Unquoted Attaching Options to be issued under the Entitlement Offer and Broker Options to be issued in accordance with Lead Manager Mandate (see Section 5.3) will be on the terms set out in Section 5.2. Of the total Options in the table, 9,252,660 are</p> | | Shares | Unquoted Options | Performance Rights | Balance at the date of this Prospectus | 92,526,600 | 18,156,599 ^{2,3} | 180,000 ^{3,4} | To be issued under the Offers (including Broker Options) ⁵ | 18,505,320 | 10,252,660 ¹ | Nil | TOTAL⁶ | 111,031,920 | 28,409,259 | 180,000 | Section 3 |
| | Shares | Unquoted Options | Performance Rights | | | | | | | | | | | | | | |
| Balance at the date of this Prospectus | 92,526,600 | 18,156,599 ^{2,3} | 180,000 ^{3,4} | | | | | | | | | | | | | | |
| To be issued under the Offers (including Broker Options) ⁵ | 18,505,320 | 10,252,660 ¹ | Nil | | | | | | | | | | | | | | |
| TOTAL⁶ | 111,031,920 | 28,409,259 | 180,000 | | | | | | | | | | | | | | |

| Key Information | | | | Further Information | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---------------------|-----------|-----------------------------|---------------------|---------------------------|-----------------------------|--|---------------------------|--|--|--------|---------|-----------------------------|--------|---------|-----------------------------|-----------------------------|------------|-----------|-----|-----------|-----------|-----|------------|---------|-----------|-----|---------|--------|-----|-------------------------|---------|-----------|-----|--------|--------|-----|-------------------------|---------|-----------|-----|---------|--------|-----|----------------------------|--|--|
| <p>Attaching Options and 1,000,000 are Broker Options to be issued to the Lead Manager (or nominees) only if the Offers are fully subscribed.</p> <p>2. Existing Options include:</p> <p>(a) 4,500,000 Options exercisable at \$0.30 each on or before 7 December 2020;</p> <p>(b) 7,000,000 Options exercisable at \$0.20 each on or before 15 January 2023;</p> <p>(c) 4,500,000 Options exercisable at \$0.30 each on or before 6 March 2021;</p> <p>(d) 26,599 Options exercisable at \$0.80 each on or before 15 December 2019; and</p> <p>(e) 2,130,000 Options exercisable at \$0.20 each on or before 1 February 2023.</p> <p>3. The terms and conditions of the Existing Options and Performance Rights are set out in section 9 of the Company’s prospectus dated 23 January 2018 which was announced to ASX on 14 March 2018 and the Appendix 3Bs announced to the ASX on 29 August 2018 and 6 May 2019.</p> <p>4. The Existing Performance Rights are unquoted and in two classes. The first class vest in three equal tranches on 1 December 2018, 1 December 2019 and 1 December 2020 and the second class vest in three equal tranches on 1 July 2019, 1 July 2020 and 1 July 2021.</p> <p>5. Assumes that the Entitlement Offer and Shortfall Offer are fully subscribed.</p> <p>6. Assumes no further Shares are issued by the Company and no Performance Rights or Options are converted to Shares.</p> <p>The indicative pro-forma balance sheet showing the effect of the Offers is in Section 3.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Directors’ interests in Securities and Entitlements</p> <p>The relevant interest of each of the Directors in Securities as at the date of this Prospectus, together with their respective Entitlement (assuming no Performance Rights are converted into Shares), is set out in the table below:</p> <table><tr><th rowspan="2">Name</th><th colspan="3">Existing Securities</th><th colspan="3">Entitlements¹</th></tr><tr><th>Shares</th><th>Options</th><th>Perform- -ance Rights</th><th>Shares</th><th>Options</th><th>Perform- -ance Rights</th></tr><tr><td>Charles Bass^{2,3}</td><td>36,650,001</td><td>6,000,000</td><td>Nil</td><td>7,330,000</td><td>3,665,000</td><td>Nil</td></tr><tr><td>Rick Crabb</td><td>610,000</td><td>1,500,000</td><td>Nil</td><td>122,000</td><td>61,000</td><td>Nil</td></tr><tr><td>Roger Port⁴</td><td>430,000</td><td>1,500,000</td><td>Nil</td><td>86,000</td><td>43,000</td><td>Nil</td></tr><tr><td>Brett Rowe⁵</td><td>500,000</td><td>1,000,000</td><td>Nil</td><td>100,000</td><td>50,000</td><td>Nil</td></tr></table> | | | | Name | Existing Securities | | | Entitlements ¹ | | | Shares | Options | Perform- -ance Rights | Shares | Options | Perform- -ance Rights | Charles Bass ^{2,3} | 36,650,001 | 6,000,000 | Nil | 7,330,000 | 3,665,000 | Nil | Rick Crabb | 610,000 | 1,500,000 | Nil | 122,000 | 61,000 | Nil | Roger Port ⁴ | 430,000 | 1,500,000 | Nil | 86,000 | 43,000 | Nil | Brett Rowe ⁵ | 500,000 | 1,000,000 | Nil | 100,000 | 50,000 | Nil | <p>Section 5.9 and 3.3</p> | | |
| Name | Existing Securities | | | | Entitlements ¹ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Shares | Options | Perform- -ance Rights | Shares | Options | Perform- -ance Rights | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Charles Bass ^{2,3} | 36,650,001 | 6,000,000 | Nil | 7,330,000 | 3,665,000 | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rick Crabb | 610,000 | 1,500,000 | Nil | 122,000 | 61,000 | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Roger Port ⁴ | 430,000 | 1,500,000 | Nil | 86,000 | 43,000 | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Brett Rowe ⁵ | 500,000 | 1,000,000 | Nil | 100,000 | 50,000 | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Key Information | Further Information |
|--|--|
| <p>Notes:</p> <ol style="list-style-type: none"> 1. Assuming no Performance Rights or Options are converted into Shares prior to the Record Date. 2. As at the date of the Prospectus all Directors have indicated an intent to take up their Entitlement. Charles Bass has indicated that his associated entities intend to take up the part of their Entitlement that will cause an increase in no greater than 3% to his current voting interests (see 'Effect on Control of the Company' above for further details). 3. Charles Bass has an indirect interest in 36,650,001 Shares and 4,500,000 Existing Options held by Silver Mountain Nominee as trustee for the Silver Mountain Trust. Silver Mountain Nominee is an entity controlled by Mr Bass' spouse, and the beneficiaries of the Silver Mountain Trust include children of Mr Bass. 4. Roger Port has an indirect interest in 430,000 Shares held by Leptiptidium Pty Ltd (ACN 609 615 143) as trustee for the Maitland No.2 Trust. Leptiptidium Pty Ltd is an entity controlled by Mr Port, and Mr Port is a beneficiary of the Maitland No.2 Trust. 5. Alternate director to Charles Bass. | |
| <p>Forward looking statements</p> <p>This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.</p> <p>These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable.</p> <p>Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.</p> <p>The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.</p> <p>The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.</p> <p>These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.</p> | <p>Important Information and Section 4</p> |

TABLE OF CONTENTS

| Section | Page No. |
|--|----------|
| 1. Details of the Offers..... | 1 |
| 2. Action required by Eligible Shareholders..... | 10 |
| 3. Effect of the Offers | 14 |
| 4. Risk factors..... | 19 |
| 5. Additional information | 27 |
| 6. Authorisation | 37 |
| 7. Glossary of Terms..... | 38 |

1. Details of the Offers

1.1 The Offers

This Prospectus is being issued for the offer of New Shares and Attaching Options under the Entitlement Offer and the Shortfall Offer.

1.2 Entitlement Offer

The Company is making a non-renounceable pro rata offer to Eligible Shareholders of New Shares at an issue price of \$0.15 each, on the basis of 1 New Share for every 5 Shares held at 5.00pm (WST) on the Record Date, together with 1 Attaching Option for every 2 New Shares subscribed for and issued (**Entitlement Offer**).

Each Option will have an exercise price of \$0.20 and an expiry date of 31 July 2021.

As at the date of this Prospectus, the Company has on issue 92,526,600 Shares, 180,000 Performance Rights and 18,156,599 Options.

Assuming no Shares are issued on conversion of the existing Options or Performance Rights, and subject to rounding down, the Entitlement Offer is for a maximum of approximately 18,505,320 New Shares and 9,252,660 Attaching Options to raise up to approximately \$2.77 million (before costs).

Up to 22,172,640 New Shares and 11,086,320 Attaching Options could be issued under the Entitlement Offer if all the existing Options and Performance Rights are converted into Shares between the date of the Prospectus and the Record Date.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share or Option, such fraction will be rounded down to the nearest whole New Share or Option.

New Shares issued under the Entitlement Offer will be issued as fully paid ordinary shares and will rank equally in all respects with existing Shares on issue. Further details on the rights and liabilities attaching to the New Shares proposed to be issued under the Entitlement Offer are contained in Section 5.1. Attaching Options issued under the Entitlement Offer will be issued on the terms and conditions contained in Section 5.2.

1.3 Shortfall Offer

Any New Shares and Attaching Options not taken up pursuant to the Entitlement Offer will become Shortfall Securities. The Shortfall Offer is a separate offer of the Shortfall Securities made pursuant to this Prospectus and will remain open for up to three months following the Entitlement Offer Closing Date. Eligible Shareholders who subscribe for their full Entitlement may participate in the Shortfall Offer by following the instructions on their Entitlement and Acceptance Form.

Each of the Shortfall Securities to be granted under the Shortfall Offer shall be granted on the same terms and conditions as the New Shares and Attaching Options being offered under the Entitlement Offer (including the issue price). Shortfall Securities will

only be issued if the Entitlement Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

The allocation policy for the issuance of Shortfall Securities will be as follows:

- (a) Eligible Shareholders who wish to subscribe for New Shares and Attaching Options above their Entitlement may apply for Shortfall Securities under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Securities using BPAY® (refer to Section 2.4);
- (b) if any Shortfall Securities are remaining after the applications made in accordance with paragraph (a) above are satisfied, the Directors reserve the discretion to place any such remaining Shortfall Securities within three months after the close of the Entitlement Offer to investors who are not Eligible Shareholders who apply for Shortfall Securities by completing the relevant Application Form;
- (c) the Shortfall Securities are to be issued at the discretion of the Directors (in consultation with the Lead Manager), subject to compliance with the Listing Rules and Corporations Act, in a manner that does not prejudice the rights of Eligible Shareholders, having regard to the number of Eligible Shareholders applying for Shortfall Securities;
- (d) notwithstanding paragraph (c) above, there is no guarantee that any or all of the Shortfall Securities applied for will be issued to Eligible Shareholders or other third parties. It is a term of the Shortfall Offer that, should the Company scale back applications for Shortfall Securities, the Applicant will be bound to accept such lesser number allocated to them. Excess Application Monies for the Shortfall Offer will be refunded without interest; and
- (e) no Securities will be issued under the Shortfall Offer if their issue would contravene the takeover prohibition in section 606 of the Corporations Act.

1.4 Broker Options Offer

Pursuant to the Lead Manager Mandate (see Section 5.3), should the Offers be fully subscribed the Company has agreed to issue 1,000,000 Broker Options to the Lead Manager (or broker nominees).

To the extent necessary and in the event the Company is required to issue the Broker Options, under this Prospectus the Company offers to the Lead Manager (or its broker nominees) 1,000,000 Broker Options.

This offer is only made to the Lead Manager (or its broker nominees) and may only be accepted by them completing a personalised application form which will be accompanied by this Prospectus. The Broker Options Offer will remain open for the same period as the Shortfall Offer.

1.5 Purpose of the Offers and Use of Funds

Completion of the Offers will result in an increase in cash at hand of up to approximately \$2.77 million before costs (assuming no existing Options or Performance Rights are converted into Shares prior to the Record Date).

The Company intends to apply the funds raised from the Offers in accordance with the table set out below:

| Item of expenditure | Amount ¹ (\$'000) | % |
|---|------------------------------|--------------|
| Exploration on Silver Mountain Project | 1,400 | 50.5 |
| Evaluation of new opportunities | 500 | 18.0 |
| Working capital requirements ² | 725 | 26.1 |
| Expenses of the Offers ³ | 150 | 5.4 |
| TOTAL | 2,775 | 100.0 |

Notes:

1. If the Entitlement Offer is not fully subscribed, and the Shortfall Securities are not subsequently placed (in whole or in part), the Company intends to adjust the use of funds on a pro rata basis.
2. Working capital incorporates administration and operating costs
3. See Section 5.12 for further details relating to the estimated expenses of the Offers.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied, including market conditions, the development of new opportunities and/or any number of other factors. The Board reserves the right to alter the way the funds are applied on this basis.

The Attaching Options and Broker Options are being issued with disclosure under this Prospectus in order to:

- (a) remove any secondary sale restrictions that may otherwise attach to such Options; and
- (b) ensure a disclosure exception is available for the issue of Shares on the exercise of such Options and any on-sale of those Shares in the 12 months from the date of issue, pursuant to *ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/08*.

1.6 Opening and Closing Dates

For the Entitlement Offer, the Company will accept Entitlement and Acceptance Forms from the Record Date for determining Eligible Shareholders' Entitlements under the Entitlement Offer until 5.00pm WST on Friday, 7 June 2019 or such other date as the

Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules (**Entitlement Offer Closing Date**).

The Shortfall Offer will remain open after the Entitlement Offer Closing Date for up to three months, unless closed earlier at the discretion of the Directors.

1.7 Minimum subscription

There is no minimum subscription for the Offers.

1.8 Underwriting

The Offers are not underwritten. Peloton has been engaged as the Lead Manager. A summary of Peloton engagement is set out in Section 5.3.

1.9 No rights trading

The rights under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for Securities to any other party. If you do not take up your Entitlement to Securities under the Entitlement Offer by the Entitlement Offer Closing Date, the Entitlement Offer to you will lapse.

1.10 Issue and dispatch

All Securities under the Entitlement Offer are expected to be issued on or before the date set out in the proposed timetable in this Prospectus.

Security holder statements will be dispatched as soon as possible after the issue of the Shares under the Offers.

It is the responsibility of Applicants to determine their allocation prior to trading in the Securities. Applicants who sell Securities before they receive their holding statements will do so at their own risk.

1.11 Application Monies held on trust

All Application Monies received for the New Shares will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Shares are issued. All Application Monies will be returned (without interest) if the New Shares are not issued.

1.12 ASX Quotation

Application will be made for the Official Quotation of the Shares offered by this Prospectus.

If permission is not granted by ASX for the Official Quotation of the Shares offered by this Prospectus within three months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

The Company will not apply for quotation of the Options offered under this Prospectus.

1.13 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS, operated by ASX Settlement Pty Limited (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Securities pursuant to their acceptance of the Offers.

Shareholders and investors who are broker sponsored will receive a CHESS statement from ASX Settlement Pty Limited.

The CHESS statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of Securities 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.

1.14 Residents outside Australia

(a) General

This Prospectus, and any accompanying Application Form do not, and are not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Securities under the Offers.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Shareholders and potential investors with a registered address outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to accept or deal with their Entitlement or an Offer. The return of a completed Application Form from a Shareholder or potential investor with a registered address outside Australia will be taken by the Company to constitute a representation and warranty by that Shareholder or potential investor that all relevant approvals have been obtained and that the Company may legally issue the Securities to that Shareholder or potential investor.

(b) **New Zealand offer restrictions**

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

This Prospectus has not been registered, filed with 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.

(c) **Singapore offer restrictions**

This Prospectus has not been registered with the Monetary Authority of Singapore. This Prospectus and any other materials in connection with the offer or sale, solicitation or invitation for subscription, or purchase of Securities offered under this Prospectus may not be circulated or distributed, nor may the offered 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, other than to the following (each an **Exempt Investor**):

- (i) to an 'institutional investor' under section 274 of the Securities and Futures Act, Chapter 289 of Singapore (SFA);
- (ii) to a 'relevant person' pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA, and, in each case, in accordance with the conditions specified in section 275 of the SFA; or
- (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Securities offered under this Prospectus are subscribed for or purchased, and if you are an Exempt Investor, you are subject to restrictions on transferability and re-sale. The offered Securities may not be transferred or re-sold in Singapore, except as permitted under the SFA. By accepting this Prospectus, you agree to be bound by the disclaimers, limitations and restrictions described herein.

This Prospectus is distributed in connection with an offer of Securities in Singapore that will not be issued to any person other than a person who is sent this Prospectus with the consent of the Company. A person receiving a copy of this document in Singapore may not treat the same as constituting an invitation to that person unless such an invitation could lawfully be made to them without compliance with any registration or legal requirements, or where such registration or legal requirements have been complied with.

(d) **Switzerland offer restrictions**

The Entitlements and Attaching Options may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (SIX) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for the issuing of a prospectus under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

This document may not be publicly distributed or otherwise made publicly available in Switzerland and has not been and will not be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Securities under it, will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA). This document is personal to the recipient only and not for general circulation in Switzerland.

(e) **Ineligible Foreign Shareholders and Investors**

The Company believes that it is unreasonable to extend the Offers to Shareholders who on the Record Date have a registered address outside Australia, New Zealand, Singapore or Switzerland ("**Ineligible Foreign Shareholders and Investors**"). The Company has formed this view having considered:

- (i) the number and value of the Securities that would be offered to those Shareholders and Investors; and
- (ii) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, Ineligible Foreign Shareholders and Investors will not be entitled to participate in the Offers.

(f) **Notice to nominees and custodians**

Nominees and custodians that hold Shares should note that the Entitlement 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 Entitlement Offer is compatible with applicable foreign laws.

Nominees and custodians may not distribute this Prospectus, and may not permit any beneficial Shareholder to participate in the Offers, in any country outside Australia except, with the consent of the Company, to beneficial Shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offers.

1.15 Risk factors

An investment in Securities of the Company should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific and general risks associated with an investment in the Company which are detailed in Section 4.

1.16 Taxation implications

The Directors do not consider it appropriate to give Shareholders or potential investors advice regarding the taxation consequences of subscribing for Securities under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders or potential investors. As a result, Shareholders and potential investors should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.17 Major activities and financial information

A summary of the major activities and financial information relating to the Company is outlined in the Annual Report lodged with ASX on 30 October 2018.

The Company has made continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report, as outlined in Section 5.5(b).

Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

1.18 Privacy

If you complete an Application Form, you will be providing personal information to the Company (directly or by Share Registry). The Company collects, holds and will use that information to assess the Application, service your needs as a Shareholder, facilitate corporate communications to you as a Shareholder and carry out administration.

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

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out herein and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application. An Applicant has a right to gain access to, correct and update the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

1.19 Enquiries concerning the Offers or this Prospectus

Enquiries relating to the Offers or this Prospectus should be directed to the Company Secretary by telephone on +61 8 9316 9100.

2. Action required by Eligible Shareholders

2.1 Action in relation to the Entitlement Offer

The Company will send this Prospectus, together with a personalised Entitlement and Acceptance Form, to all Eligible Shareholders.

Should you wish to acquire New Shares and Attaching Options as part of the Entitlement Offer, you may either take up all of your Entitlement (refer to Section 2.2), part of your Entitlement (refer to Section 2.3), or Shortfall Securities in addition to your Entitlement (refer to Section 2.4) as shown on the accompanying personalised Entitlement and Acceptance Form.

If you do not wish to take up any of your Entitlement to New Shares and Attaching Options, you may allow your Entitlement to lapse (refer to Section 2.5).

2.2 Acceptance of New Shares and Attaching Options under the Entitlement Offer

Your Entitlement to participate in the Entitlement Offer will be determined on the Record Date.

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. You will also be entitled to 1 Attaching Option for every 2 New Shares subscribed for and issued under the Entitlement Offer.

Accepting and paying via BPAY

Should you wish to accept all of your Entitlement to New Shares and Attaching Options under the Entitlement Offer and are paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the Entitlement Offer Closing Date. **If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.**

Applicants are encouraged to pay by BPAY.

Paying via cheque

Should you wish to accept all of your Entitlement to New Shares and Attaching Options under the Entitlement Offer and you are not paying by BPAY, then applications for Securities under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

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

Completed Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "**Eagle Mountain Mining Limited**" and lodged at any time after the issue of this Prospectus and on or before the Entitlement Offer Closing Date with the Share Registry (by post) at:

By Post

Eagle Mountain Mining Limited
C/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne, Victoria, 3001, Australia

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

2.3 If you wish to take up only part of your Entitlement under the Entitlement Offer

Accepting and paying via BPAY

Should you wish to only take up part of your Entitlement under the Entitlement Offer and you are paying by BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the Entitlement Offer Closing Date. **If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.**

Applicants are encouraged to pay by BPAY.

Paying via cheque

Should you wish to only take up part of your Entitlement under the Entitlement Offer and you are not paying by BPAY, then applications for New Shares and Attaching Options under the Entitlement Offer must be made on the personalised Entitlement and Acceptance Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of New Shares and Attaching Options you wish to accept and the amount payable (calculated at \$0.15 per New Share accepted), and attach a cheque for the appropriate Application Monies.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "**Eagle Mountain Mining Limited**" and lodged at any time after the issue of this Prospectus and on or before the Entitlement Offer Closing Date at the address indicated at Section 2.2 above.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

2.4 If you wish to apply for Shortfall Securities

Accepting and paying via BPAY

If you are an Eligible Shareholder and you wish to apply for New Shares and Attaching Options in excess of your Entitlement under the Entitlement Offer by applying for Shortfall Securities and wish to pay via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. **If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.**

Applicants are encouraged to pay by BPAY.

Paying via cheque

If you are an Eligible Shareholder and you wish to apply for New Shares and Attaching Options in excess of your Entitlement under the Entitlement Offer by applying for Shortfall Securities, you may do so by completing the relevant separate section of the Entitlement and Acceptance Form relating to the Shortfall Offer and which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Any Shares applied for in excess of your Entitlement will be applied for under the Shortfall Offer and will be issued in accordance with the allocation policy described in Section 1.3.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "**Eagle Mountain Mining Limited**" and lodged at any time after the issue of this Prospectus and on or before the Entitlement Offer Closing Date at the address indicated at Section 2.2 above.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

The Company may also provide Application Forms to other investors who are invited to subscribe for Shortfall Securities in accordance with the allocation policy described in Section 1.3.

2.5 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Securities you hold and the rights attached to those Securities will not be affected should you choose not to accept any of your Entitlement.

2.6 Application Forms

Acceptance of a completed Application Form or receipt of Application Monies via BPAY by the Company creates a legally binding contract between the Applicant and the Company for the number of Securities accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of Securities.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form is final.

By completing and returning an Application Form with any requisite Application Monies, or by making an application via BPAY, Applicants will be deemed to have represented and warranted on behalf of themselves or each person on whose account they are acting that the law in their place of residence and/or where they have been given the Prospectus, does not prohibit them from being given the Prospectus and that they:

- (a) agree to be bound by the terms of the relevant Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that they are over 18 years of age and have full legal capacity and power to perform all their rights and obligations under the Application Form;
- (d) declare that they are the current registered holder of Shares as at the Record Date and have a registered address in Australia or subject to the Offer restrictions in Section 1.14, New Zealand, Singapore or Switzerland;
- (e) authorise the Company and its respective officers or agents, to do anything on their behalf necessary for the Securities to be issued to them, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Securities are suitable for them given their investment objectives, financial situation or particular needs; and
- (g) acknowledge that the Securities have not, and will not be, registered under the Securities laws in any other jurisdictions outside Australia.

2.7 Enquiries concerning an Application Form or your Entitlement

For enquiries concerning an Application Form or your Entitlement, please contact the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia), or consult your professional adviser.

3. Effect of the Offers

3.1 Capital structure on completion of the Offers

| | Shares | Unquoted Options | Performance Rights |
|---|-------------|---------------------------|------------------------|
| Balance at the date of this Prospectus | 92,526,600 | 18,156,599 ^{2,3} | 180,000 ^{3,4} |
| To be issued under the Offers (including Broker Options) ⁵ | 18,505,320 | 10,252,660 ¹ | Nil |
| TOTAL⁶ | 111,031,920 | 28,409,259 | 180,000 |

Notes:

1. Unquoted Attaching Options to be issued under the Entitlement Offer and Broker Options to be issued in accordance with Lead Manager Mandate (see Section 5.3) will be on the terms set out in Section 5.2. Of the total Options in the table, 9,252,660 are Attaching Options and 1,000,000 are Broker Options to be issued to the Lead Manager (or nominees) only if the Offers are fully subscribed.
2. Existing Options include:
 - (a) 4,500,000 Options exercisable at \$0.30 each on or before 7 December 2020;
 - (b) 7,000,000 Options exercisable at \$0.20 each on or before 15 January 2023;
 - (c) 4,500,000 Options exercisable at \$0.30 each on or before 6 March 2021;
 - (d) 26,599 Options exercisable at \$0.80 each on or before 15 December 2019; and
 - (e) 2,130,000 Options exercisable at \$0.20 each on or before 1 February 2023.
3. The terms and conditions of the Existing Options and Performance Rights are set out in section 9 of the Company's prospectus dated 23 January 2018 which was announced to ASX on 14 March 2018 and the Appendix 3Bs announced to the ASX on 29 August 2018 and 6 May 2019.
4. The Existing Performance Rights are unquoted and in two classes. The first class vest in three equal tranches, one of which vested on 1 December 2018, with the remaining two vesting on 1 December 2019 and 1 December 2020 and the second class vest in three equal tranches on 1 July 2019, 1 July 2020 and 1 July 2021.
5. Assumes that the Entitlement Offer and Shortfall Offer are fully subscribed.
6. Assumes no further Shares are issued by the Company and no Performance Rights or Options are converted to Shares.

3.2 Pro forma consolidated statement of financial position

Set out below is:

- (a) the reviewed consolidated statement of financial position of the Company as at 31 December 2018 (**Balance Date**);
- (b) the unaudited significant changes since the Balance Date;

- (c) the unaudited effect of the Offers; and
- (d) the unaudited pro forma statement of financial position of the Company at the Balance Date adjusted to reflect paragraphs (b) and (c), assuming the Offers are fully subscribed.

| | Reviewed Balance Sheet as at 31/12/18 (\$'000) | Significant changes since 31/12/18 (\$'000) | Effect of Offers (\$'000) | Unaudited Pro Forma Balance Sheet Post Offers (\$'000) |
|--------------------------------------|---|--|--|---|
| Current Assets | | | | |
| Cash & cash equivalents | 3,351 | (1,686) | 2,626 | 4,291 |
| Other assets | 187 | | | 187 |
| Non Current Assets | | | | |
| Other assets | 108 | | | 108 |
| Plant & equipment | 516 | | | 516 |
| Exploration & evaluation expenditure | 1,156 | | | 1,156 |
| TOTAL ASSETS | 5,318 | (1,686) | 2,626 | 6,258 |
| Current Liabilities | | | | |
| Trade & other payables | 241 | (78) | | 163 |
| Provisions | 12 | | | 12 |
| Borrowings | 11 | | | 11 |
| Non-Current Liabilities | | | | |
| Borrowings | 31 | | | 31 |
| TOTAL LIABILITIES | 295 | (78) | 0 | 217 |
| NET ASSETS | 5,023 | (1,608) | 2,626 | 6,041 |
| EQUITY | | | | |
| Issued capital | 11,959 | | 2,555 | 14,514 |
| Reserves | (1,875) | | 71 | (1,804) |
| Accumulated Losses | (5,061) | (1,608) | | (6,669) |
| TOTAL EQUITY | 5,023 | (1,608) | 2,626 | 6,041 |

The statements of financial position have been prepared to provide Shareholders and potential investors with information on the assets and liabilities of the Company and the pro forma assets and liabilities of the Company as noted above. The historical and pro forma information is presented in abbreviated form; it does not include all of the

disclosures required by the Australian Accounting Standards applicable to annual financial statements.

The pro forma statement of financial position has been prepared using the reviewed financial statements as at 31 December 2018 adjusted for a working capital movement of approximately \$1,608,000 to 31 March 2019.

The pro forma statement of financial position assumes that the Entitlement Offer is fully subscribed (or that the Shortfall is placed in full).

3.3 Effect of the Offers on control of the Company

Section 606(1) of the Corporations Act prohibits a person, unless an exception applies, from increasing their voting power in the Company:

- (a) from 20% or below to above 20%; or
- (b) from a starting point of above 20% and below 90%.

The Company's largest Shareholder is Silver Mountain Nominee Pty Ltd as trustee for The Silver Mountain Mining Trust (**SMMT**), an entity associated with Director Mr Charles Bass. As at the date of this Prospectus, SMMT has voting power of 39.6% and has advised the Company that, as at the date of this Prospectus, its intention is to subscribe for its full Entitlement (subject to not breaching limitations set out in the Corporations Act). In accordance with the Corporations Act, in the event the Entitlement Offer is not fully subscribed, the Company may only issue that number of New Shares to SMMT that would permit no greater than a 3% increase to its holding (i.e. to a maximum of 42.6%). Pursuant to the Listing Rules SMMT is unable to participate in the Shortfall Offer.

Where SMMT subscribes for its full Entitlement to bring SMMT's total shareholding interest in the Company to 43,980,001 Shares, subscriptions for a minimum of \$507,426 (representing 3,382,839 New Shares) would need to be received from other Eligible Shareholders or under the Shortfall Offer for SMMT to increase its shareholding interest to the maximum permitted 42.6%. In those circumstances, SMMT will also hold a maximum of 9,665,000 Options. If subscriptions for less than \$507,426 are received from parties other than SMMT, then the Company may only issue that number of New Shares to SMMT that would permit no greater than a 3% increase to its holding (i.e. to a maximum of 42.6%).

Any Options held by SMMT at completion of the Offers can only be exercised in accordance with the limitations set out in the Corporations Act, including:

- (a) where such acquisition results in no impact on SMMT's shareholding interest;
- (b) where such acquisition results in SMMT increasing its shareholding interest in the Company by no more than 3% every six months (in accordance with item 9 of section 611 of the Corporations Act); or
- (c) where the Company obtains Shareholder approval for SMMT to acquire a relevant interest that would otherwise contravene the 20% takeover threshold (i.e. where SMMT proposes to acquire an interest that is more than 3% greater than its shareholding interest held on the date six months prior).

Where the Option terms and Corporations Act permit, it is possible that SMMT may elect to transfer some or all of its Options to a person or persons who are not associates of SMMT, who may be able to exercise the Options and acquire Shares without any restrictions, provided the takeover thresholds do not affect their existing Shareholding.

No other investor or existing Shareholder will hold a voting power greater than 20% as a result of the Offers.

3.4 Potential dilution

Shareholders should note that if they do not participate in the Offers, their holdings are likely to be diluted (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

| | Shareholding as at Record Date | % at Record Date | Entitlements to New Shares under Entitlement Offer | Shareholding if Entitlement Offer not taken up | % post Offers |
|---------------|--------------------------------------|---------------------|--|---|---------------------|
| Shareholder 1 | 10,000,000 | 10.81 | 2,000,000 | 10,000,000 | 9.01 |
| Shareholder 2 | 5,000,000 | 5.40 | 1,000,000 | 5,000,000 | 4.50 |
| Shareholder 3 | 1,000,000 | 1.08 | 200,000 | 1,000,000 | 0.90 |
| Shareholder 4 | 100,000 | 0.11 | 20,000 | 100,000 | 0.09 |
| Shareholder 5 | 50,000 | 0.05 | 10,000 | 50,000 | 0.05 |

Note: Assumes that no Performance Rights or existing Options are converted into Shares. The dilution effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event that not all Entitlements are accepted and some or all of the resulting Shortfall Securities are not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

3.5 Market price of Shares

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

Highest: \$0.205 per Share on 12 April 2019

Lowest: \$0.13 per Share on 5 March 2019, 9 May 2019 and 10 May 2019

The latest available market closing price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.13 per Share on 10 May 2019.

3.6 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4. Risk factors

The Securities offered under this Prospectus should be considered speculative because of the nature of the business activities of the Company. Whilst the Directors commend the Offers, potential investors should consider whether the Securities offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. This list is not exhaustive and potential investors should read this Prospectus in its entirety and if in any doubt consult their professional adviser before deciding whether to participate in the Offers.

The principal risks include, but are not limited to, the following:

4.1 Company specific risks

The following risks have been identified as being key risks specific to an investment in Eagle Mountain. These risks have the potential to have a significant adverse impact on Eagle Mountain and may affect Eagle Mountain's financial position, prospects and price of its listed securities.

(a) Reliance on key personnel

Eagle Mountain's success depends to a significant extent upon its key management personnel, as well as other employees and technical personnel including sub-contractors. Eagle Mountain has a small management team. The loss of the services of Eagle Mountain's key personnel could have an adverse effect on Eagle Mountain at this early stage of development, particularly as finding an effective replacement may be difficult.

(b) Liquidity and volatility

Eagle Mountain is a small company in terms of its market capitalisation. Any investment in it should be regarded as speculative. As a consequence, there is a risk, particularly in times of share market turbulence or negative investor sentiment, that there will not be a highly liquid market for Eagle Mountain's Shares or that the price of Eagle Mountain's Shares may decrease considerably. There may be relatively few buyers or sellers of securities on ASX at any given time and the market price may be highly volatile. This may result in Shareholders wishing to sell their Shares in Eagle Mountain in circumstances where they may receive considerably less than the price paid under the Offers.

(c) Future capital requirements

Eagle Mountain's ongoing activities are likely to require substantial further financing in the future, in addition to amounts raised pursuant to the Offers. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the price of Shares offered under the Offers or may involve restrictive covenants which may limit Eagle Mountain's operations and business strategy.

Although the Directors believe that additional capital can be obtained, there cannot be any assurance that appropriate capital or funding, if and when needed, will be available on terms favourable to Eagle Mountain or at all. If Eagle Mountain is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its

operations which may result in a material adverse effect on Eagle Mountain's activities and its ability to continue as a going concern.

(d) **No profit to date and limited operating history**

Eagle Mountain has incurred operating losses since its inception and does not have a significant history of business operations. It is therefore not possible to evaluate Eagle Mountain's prospects based on past performance. Since Eagle Mountain intends to conduct further exploration activities on the Silver Mountain Project, the Directors anticipate making further losses in the foreseeable future.

While the Directors have confidence in the future revenue-earning potential of Eagle Mountain, there can be no certainty that Eagle Mountain will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

4.2 Industry specific risks

Mineral exploration, development and mining activities are high-risk undertakings and there can be no assurance that any exploration or development activity in regard to Eagle Mountain's current properties, or any properties that may be acquired in the future, will result in the discovery or exploitation of an economic resource.

Mineral exploration, development and mining may be hampered by circumstances beyond the control of Eagle Mountain and are speculative operations which by their nature are subject to a number of inherent risks, including the following:

(a) **Exploration, geological and development risks**

Mineral exploration and development is a speculative and high risk activity that requires large amounts of expenditure over extended periods of time and may be impeded by circumstances and factors beyond Eagle Mountain's control. Eagle Mountain's ability to succeed in this process involves (amongst other things):

- (i) discovery and proving-up, or acquiring, an economically recoverable mineral resource or reserve;
- (ii) access to adequate capital throughout the acquisition/discovery and project development phases of a mineral exploration project;
- (iii) maintaining title to the Silver Mountain Project area;
- (iv) obtaining required development consents and approvals necessary for the acquisition, exploration, development and production phases of the project; and
- (v) accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

The exploration program determined by the Directors is based upon the Directors' best professional assessment and estimates which have been based on limited geological information available in relation to the area of the Silver Mountain Project. There can be

no assurance that the application of these funds on the forthcoming exploration program, or subsequent exploration program, will result in the realisation of Eagle Mountain's objectives such as the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited. Conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

By their nature, the estimates and assumptions on which Eagle Mountain's exploration program is based are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. No assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect Eagle Mountain's viability.

Eagle Mountain's exploration activities are subject to all the hazards and risks normally encountered in the exploration of minerals, including but not limited to:

- (i) geological and climatic conditions;
- (ii) operational and technical risks;
- (iii) changes in laws, regulations and government policy; and
- (iv) risks associated with operating in remote areas and other similar considerations.

Whether positive income-flows result from exploration and development expenditure incurred by Eagle Mountain is dependent on many factors including successful exploration, establishment of production facilities, cost control, commodity price movements, successful contract negotiations for production and stability in the local political environment.

In addition, significant expenditure may be required to establish necessary metallurgical and mining processes to develop and exploit any mineral reserves identified on the Silver Mountain Project or any other project area operated by Eagle Mountain in the future. There can be no assurance that Eagle Mountain will have sufficient working capital or resources available to do this.

(b) **Operational and technical risks**

The operations of Eagle Mountain may be affected by various factors, including but not limited to:

- (i) failure to locate or identify mineral deposits;
- (ii) failure to achieve predicted grades in exploration and mining;
- (iii) operational and technical difficulties encountered in mining;
- (iv) insufficient or unreliable infrastructure, such as power, water and transport;

- (v) difficulties in commissioning and operating plant and equipment;
- (vi) mechanical failure or plant breakdown;
- (vii) unanticipated metallurgical problems which may affect extraction costs;
- (viii) adverse weather conditions (including fire and flood);
- (ix) industrial and environmental accidents;
- (x) industrial disputes and labour shortages; and
- (xi) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

There is a risk that the Company may suffer loss upon the occurrence of any of the above factors. The Company and the Board intends to conduct activities to high standards of care and diligence. In addition, the Company believes it has sufficient insurance in place to mitigate any financial liability the Company may incur as a result of any unforeseen circumstances. In respect of the scrub fire announced to ASX on 10 May 2019, the Company recommenced drilling operations on 10 May 2019 (Arizona time) following receipt of clearance from local authorities. As at the date of this Prospectus, the Company has no reason to believe there will be any materially adverse financial impact on the Company as a result of the fire.

(c) **Commodity price fluctuations**

Eagle Mountain's potential earnings will be largely derived from the sale of mineral commodities (including gold and base metals). Accordingly, Eagle Mountain's future revenues and cash flow will be impacted by fluctuations in the price and available markets of these commodities. Any future revenue derived through any future sales of valuable minerals exposes the potential income of Eagle Mountain to commodity price risks.

Commodity prices fluctuate and may be affected by numerous factors beyond the control of Eagle Mountain including:

- (i) current and expected future supply and demand for relevant commodities in the region and globally;
- (ii) forward-selling by producers;
- (iii) the level of production costs in major commodity-producing regions;
- (iv) macroeconomic factors such as expectations regarding inflation and interest rates; and
- (v) the development of new technologies including any substitute products in relation to the current uses of particular commodities.

Changes in commodity prices may have a positive or negative effect on Eagle Mountain's project development, plans and activities, including its ability to fund those activities.

Eagle Mountain cannot provide any assurance as to the prices it will achieve for any mineral commodities it produces. Any substantial decline in the price of those commodities or in transport or distribution costs may have a material adverse effect on Eagle Mountain and the value of its Securities.

(d) **Exchange rate fluctuations**

Eagle Mountain's financial statements are expressed in Australian dollars. International prices of most commodities are denominated in United States dollars and much of the expenditure incurred by Eagle Mountain is denominated in United States dollars and Canadian dollars. This exposes Eagle Mountain to the fluctuations and volatility of the rate of exchange between the United States dollar, Canadian dollar and the Australian dollar, subject to any currency hedging Eagle Mountain may undertake. The exchange rate is affected by numerous factors beyond the control of Eagle Mountain, including international markets, interest rates, inflation and the general economic outlook.

(e) **Environmental risks**

The operations and proposed activities of Eagle Mountain are subject to State and Federal laws and regulations in the United States concerning the environment. As with most exploration projects and mining operations, Eagle Mountain's proposed activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact can give rise to substantial costs for environmental rehabilitation, damage, control and losses.

The potential environmental impacts of Eagle Mountain's proposed activities could be expected to require statutory approvals to be obtained by Eagle Mountain. There is no guarantee that such approvals would be granted and failure to obtain any environmental approvals that may be required from relevant government or regulatory authorities may impede or prevent Eagle Mountain from undertaking its planned activities. If there are environmental rehabilitation conditions attaching to the mining claims and permits of Eagle Mountain, failure to meet such conditions could also lead to forfeiture of the mining claims and permits (or any additional mining claims, permits or other interests held by Eagle Mountain in the future). Eagle Mountain conducts its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Eagle Mountain is unable to predict the impact of any changes to environmental laws, regulations or policies that may be adopted in the future. Eagle Mountain cannot guarantee that any new environmental laws, regulations or stricter enforcement policies, once implemented, will not result in significant increases in Eagle Mountain's expenses and could have a material adverse effect on Eagle Mountain and the value of its Securities.

(f) **Tenure risks**

Interests in exploration and mining claims and permits in Arizona are governed by the mining laws of Arizona and the United States and are evidenced by the granting of patented mining claims, unpatented mining claims and Arizona state exploration permits.

Each mining claim and permit is subject to various conditions which must be complied with, including an annual property tax in respect of patented mining claims, an annual rental payment in respect of unpatented mining claims, and a specific term of grant and annual expenditure conditions in respect of Arizona state exploration permits.

Eagle Mountain will follow the mandated processes under the relevant Arizona and United States legislation to ensure continuity of its mining tenure and planned activities. However, Eagle Mountain could lose title to, or its interest in, its current mining claims (or any additional mining claims, permits or other interests acquired by Eagle Mountain in the future) if the conditions attaching to the claim or permit are not satisfied or if the permits are not renewed.

In addition, while patented and unpatented mining claims grant the holder the exclusive right to mine the claim area, Arizona state exploration permits may not provide exclusive access to the permit area as other co-existing permits or mineral leases may exist. If a commercial discovery is made on a conflicting permit or lease and the holder proposes to commence mining operations, this may result in part of Eagle Mountain's permit area being "cordoned off" which could potentially restrict the development rights of Eagle Mountain in order to accommodate the development of the other resource. Whilst no permits or leases have been granted which conflict with Eagle Mountain's permits at the date of this Prospectus, there can be no assurance that conflicting permits or leases will not be granted in the future.

(g) **Competition**

The mining and exploration industry in which Eagle Mountain participates is subject to domestic and global competition. Some of the competing companies have greater financial and other resources than Eagle Mountain and, as a result, may be in a better position to compete for future business opportunities. While Eagle Mountain will undertake all reasonable due diligence in its business decisions and operations, Eagle Mountain will have no influence or control over the activities or actions of its competitors. As such, there can be no assurance that Eagle Mountain will be able to compete effectively with these companies.

4.3 General investment risks

The business activities of Eagle Mountain are subject to various general economic and investment risks that may impact on the future performance of Eagle Mountain. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Eagle Mountain and cannot be mitigated. There are a number of general economic and investment risk factors that apply to companies generally and may include economic, financial, market or regulatory conditions. These risk factors include, but are not limited to, the following:

(a) **General economic conditions**

Economic conditions, both domestic and global, may affect the performance of Eagle Mountain. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. Eagle Mountain's future possible revenues and Share price

can be affected by these factors, all of which are beyond the control of Eagle Mountain and its Directors.

(b) **Equity market conditions**

Shares listed on the securities market, and in particular securities of small companies at any early stage of commercial development, can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. These security market conditions may affect the value of Eagle Mountain's quoted Shares regardless of Eagle Mountain's operating performance.

General factors that may affect the market price of securities include economic conditions in both Australia and internationally (particularly the United States where the Company's project is based), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian, US and other foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(c) **Changes in government policy and legislation**

Any material adverse changes in relevant government policies or legislation of Australia or internationally may affect the viability and profitability of Eagle Mountain, and consequent returns to investors.

(d) **Investment risk**

The Securities offered pursuant to this Prospectus should be considered speculative due to the nature of Eagle Mountain's business. There is no guarantee as to payment of dividends, return of capital or the market value of the Securities offered under this Prospectus. In particular, the price at which an investor may be able to trade Shares may be above or below the price paid for those Shares.

Prospective investors must make their own assessment of the likely risks and determine whether an investment in Eagle Mountain is appropriate having regard to their own particular circumstances.

(e) **Insurance**

Eagle Mountain intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, Eagle Mountain's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or only partially covered by insurance could have a material adverse effect on the business, financial condition and results of Eagle Mountain.

(f) **Other**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of Eagle Mountain.

5. Additional information

5.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Securities in any specific circumstances, the Shareholder should seek legal advice.

(a) **General meeting and notices**

Each holder of Shares will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

(b) **Voting rights**

At a general meeting of the Company, every holder of Shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for each Share held, and for every contributing share (i.e. partly paid) held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing share. Where there is an equality of votes, the chairperson has a casting vote.

(c) **Dividend rights**

Subject to the Corporations Act, the ASX Listing Rules and any rights of persons entitled to shares with special rights to dividends (at present there are none), all dividends as declared by the Directors are to be payable on all such shares in proportion to the amount of capital paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividends is paid, unless the share is issued on terms providing to the contrary.

(d) **Payment of dividends**

Dividends are payable out of the assets of the Company in accordance with section 254T of the Corporations Act and as determined by the Directors, which shall be conclusive. The Directors may direct that payment of the dividend be made wholly or in part by the distribution of specific assets or other Securities of the Company.

(e) **Winding up**

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of Shares, the liquidator may on winding-up of the Company, with the authority of a special resolution, divide among the

Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(f) **Transfer of shares**

Subject to the Constitution, Shares in the Company may be transferred by:

- (i) (a proper ASX Settlement transfer or any other method of transferring or dealing in Shares introduced by the ASX or operated in accordance with the ASX Settlement Rules or the ASX Listing Rules as recognised under the Corporations Act; or
- (ii) an instrument in writing in any usual or common form or in any other form that the Directors, in their absolute discretion, approve from time to time.

(g) **Refusal to transfer Shares**

The Directors may refuse to register a transfer of Shares (other than a proper ASX Settlement transfer) only where:

- (i) the law permits it;
- (ii) the law requires it; or
- (iii) the transfer is a transfer of restricted securities (as defined in ASX Listing Rule 19.12) which is, or might be, in breach of the ASX Listing Rules or any escrow agreement entered into by the Company in respect of those restricted securities.

(h) **Future increase in capital**

Subject to the Constitution, the Corporations Act and the ASX Listing Rules:

- (i) Shares in the Company are under the control of the Directors, who may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine; and
- (ii) the Directors have the right to grant options to subscribe for Shares, to any person, for any consideration.

(i) **Variation of rights**

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

The rights attaching to the shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those shares of that class, or in certain

circumstances, with the written consent of the holders of at least seventy-five percent (75%) of the issued shares of that class.

(j) **Shareholder liability**

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

(k) **Alteration of Constitution**

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

5.2 **Terms and Conditions of Attaching Options and Broker Options**

(a) **Entitlement**

Each Option entitles the holder to subscribe for one fully paid ordinary share upon exercise of the Option.

(b) **Exercise Price**

The amount payable upon exercise of each Option will be equal to \$0.20 (**Exercise Price**).

(c) **Expiry Date**

The Options will expire at 5pm WST on 31 July 2021 (**Expiry Date**). Any Option not exercised by the Expiry Date will automatically expire.

(d) **Exercise Period**

The Options may be exercised at any time until the Expiry Date (**Exercise Period**).

(e) **Exercise of Options**

The Options may be exercised during the Exercise Period by:

- (i) notice in writing to the Company in the manner specified on the Option certificate specifying the number of Options being exercised (**Relevant Number**); and
- (ii) payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company (**Settlement Price**).

Where an Option holder holds more than 10,000 Options, the Option holder may only exercise Options in multiples of 10,000 Options. Where an Option

Holder holds less than or equal to 10,000 Options, the Option holder may only exercise all Options.

(f) Timing of issue of Shares upon exercise

The Company must, within the time period specified by the ASX Listing Rules, after receiving a notice for exercise of Options and subject to receipt by the Company of the Settlement Price:

- (i) issue the Option holder the Relevant Number of Shares;
- (ii) issue, or cause to be issued, to the Option holder a holding statement for the Relevant Number of Shares; and
- (iii) if applicable, issue a replacement Option certificate to the Option holder for the balance of any unexercised Options.

(g) Share ranking

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

(h) Transferability

The Options are freely transferable from the date of issue, subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(i) Quotation of Options

The Company will not apply to ASX for Official Quotation of the Options.

(j) Quotation of Shares on exercise

If admitted to the Official List of ASX at the time, the Company will apply to ASX for Official Quotation of the Shares issued on exercise of Options.

(k) Participation rights

The Option holder is not entitled to participate in any issue to existing Shareholders of Securities unless they have exercised their Options before the Record Date for determining entitlements to the issue of Securities and participate as a result of holding Shares. The Company must give the Option holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules.

(l) Reorganisation

If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which the Option holder is entitled to and the exercise price) will be changed to the extent necessary to comply with the

Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(m) **Amendments**

The number and exercise price of the Options remains the same regardless of whether the Company makes a bonus issue of Shares or other securities to Shareholders.

(n) **Adjustments**

Any calculations or adjustments which are required to be made will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.

(o) **Governing law**

These terms and the rights and obligations of the Option holder are governed by the laws of Western Australia. The Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

5.3 **Lead Manager mandate**

The Company has entered into a mandate with Peloton Capital Pty Ltd (**Peloton**) for Peloton to act as lead manager in connection with the Offers (**Lead Manager Mandate**).

Pursuant to the Lead Manager Mandate, the following terms apply:

- (a) **Term:** the Lead Manager Mandate will continue until the completion date of the Offers, unless otherwise terminated.
- (b) **Fees:** the Company will pay Peloton the following fees:
 - (i) a management fee of 1% of the total amount raised under the Offers, excluding amounts subscribed for by the Company's Directors (**Management Fee**);
 - (ii) a selling fee of 5% of the total amount raised by Peloton clients under the Offers (**Selling Fee**); and
 - (iii) upon full subscription of the Offers, 1 million Broker Options, to be issued to the Lead Manager or broker nominees of the Lead Manager on the terms and conditions set out in section 5.2.
- (c) **Termination:** either the Company or Peloton may terminate for cause or if the Offers do not complete by 18 June 2019 (being 6 weeks following the Company's announcement of the Offers).

The Lead Manager Mandate also contains additional provisions considered standard for agreements of this nature.

5.4 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.5 below). Copies of all documents announced to the ASX can be found at www.eaglemountain.com.au.

5.5 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offers a copy of:

- (a) the financial statements of the Company for the financial period ended 30 June 2018 and the half-year ended 31 December 2018, being the last two financial statements of the Company lodged with ASIC before the issue of this Prospectus; and
- (b) the continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements of the Company for the financial period ended 30 June 2018 until the date of this Prospectus (details of which can be found on the Company's ASX announcements page at <https://www.asx.com.au/asx/share-price-research/company/EM2>).

The following documents are available for inspection throughout the period of the Offers during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 5.13 and the consents provided by the Directors to the issue of this Prospectus.

5.6 Information excluded from continuous disclosure notices

Other than as set out below, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

5.7 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

5.8 Substantial Shareholders

As at the date of the Prospectus, the Company is aware of the following Shareholders (and their associates) holding an interest in 5% or more of the Shares on issue:

| Substantial Shareholder | Shares | Voting power (%) |
|--|------------|------------------|
| Silver Mountain Mining Nominee Pty Ltd as trustee for The Silver Mountain Trust (an entity associated with Director Mr Charles Bass) | 36,650,001 | 39.61% |

For further information on the potential changes to this holding see Section 3.3.

5.9 Directors' interests

(a) Security holdings

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their Entitlement under the Entitlement Offer is set out below:

| Name | Existing Securities | | | Entitlements ¹ | | |
|-----------------------------|---------------------|-----------|--------------------|---------------------------|-----------|--------------------|
| | Shares | Options | Performance Rights | Shares | Options | Performance Rights |
| Charles Bass ^{2,3} | 36,650,001 | 6,000,000 | Nil | 7,330,000 | 3,665,000 | Nil |
| Rick Crabb | 610,000 | 1,500,000 | Nil | 122,000 | 61,000 | Nil |
| Roger Port ⁴ | 430,000 | 1,500,000 | Nil | 86,000 | 43,000 | Nil |
| Brett Rowe ⁵ | 500,000 | 1,000,000 | Nil | 100,000 | 50,000 | Nil |

Notes:

1. Assuming no Performance Rights or Options are converted into Shares prior to the Record Date.
2. As at the date of the Prospectus all Directors have indicated an intent to take up their Entitlement. Charles Bass has indicated that his associated entities intend to take up the part of their Entitlement that will cause an increase in no greater than 3% to his current voting interests. For further information see Section 3.3.
3. Charles Bass has an indirect interest in 36,650,001 Shares and 4,500,000 Existing Options held by Silver Mountain Nominee as trustee for the Silver Mountain Trust. Silver Mountain

Nominee is an entity controlled by Mr Bass' spouse, and the beneficiaries of the Silver Mountain Trust include children of Mr Bass.

4. Roger Port has an indirect interest in 430,000 Shares held by Leptiptidium Pty Ltd (ACN 609 615 143) as trustee for the Maitland No.2 Trust. Leptiptidium Pty Ltd is an entity controlled by Mr Port, and Mr Port is a beneficiary of the Maitland No.2 Trust.
5. Alternate director to Charles Bass.

(b) **Remuneration of Directors**

The Constitution provides that the Directors shall be paid out of the funds of the Company by way of remuneration for their services as Directors such sum as may from time to time be determined by the Company in general meeting, to be divided among the Directors in such proportions as they shall from time to time agree or, in default of agreement, equally. The remuneration of the Directors shall not be increased except pursuant to a resolution passed at a general meeting of the Company.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The Directors received the following remuneration for the preceding two financial years:

| Director | Remuneration provided | |
|--|------------------------|-------------------------------------|
| | Period to 30 June 2018 | Six months 31 Dec 2018 ³ |
| Rick Crabb | \$80,833 ¹ | \$25,000 |
| Charles Bass | \$80,833 ¹ | \$25,000 |
| Roger Port | \$80,833 ¹ | \$25,000 |
| Brett Rowe (Alternate Director for Charles Bass) | \$40,000 ² | Nil |

¹ includes salary of \$19,026, superannuation of \$1,807, and share based payments of \$60,000

² includes share based payments of \$40,000

³ fees are inclusive of superannuation

(c) **Other Director interests**

Except as disclosed in this Prospectus, no Director and no firm in which a Director or proposed director is a partner:

- (i) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property

acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities offered under this Prospectus; or

- (ii) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Securities offered under this Prospectus.

5.10 Related party transactions

Other than as set out in this Prospectus, there are no related party transactions involved in the Offers.

5.11 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offers or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offers.

Bellanhouse Lawyers will be paid approximately \$15,000 (plus GST) in fees for legal services in connection with the Offers.

5.12 Expenses of the Offers

| Estimated expenses of the Offers | \$ |
|---|----------------|
| ASIC lodgement fee | 3,206 |
| ASX quotation fee | 10,670 |
| Lead manager fee (based on full subscription) | 102,000 |
| Legal expenses | 15,000 |
| Printing, mailing and other expenses | 19,124 |
| TOTAL | 150,000 |

5.13 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Securities under this Prospectus), the Directors, any persons named in the

Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section 5.13:

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

Peloton has been appointed as Lead Manager by the Company in relation to the Offers. The Company is to pay the Lead Manager the fees described in Section 5.3. Peloton has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Bellanhuse Lawyers has given its written consent to being named as the solicitors to the Company for the Offers in this Prospectus. Bellanhuse Lawyers has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

6. Authorisation

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to read 'R. Crabb', is positioned above a horizontal line.

Rick Crabb

Chairman

Eagle Mountain Mining Limited

Dated: 13 May 2019

7. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Applicant means a person who submits an Application Form.

Application means a valid application for Securities made on an Application Form.

Application Form means the relevant application form for an Offer provided by the Company with a copy of this Prospectus, including an Entitlement and Acceptance Form.

Application Monies means the amount of money in dollars and cents payable for New Shares at \$0.15 per New Share pursuant to the Entitlement Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Attaching Option means the Options to be issued under the Offers on the terms set out in Section 5.2.

Board means the Directors meeting as a board.

Broker Options means the Options that may be issued to the Lead Manager (or nominees) on the terms set out in Section 5.2, pursuant to the Lead Manager Mandate.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregister System.

Company or **Eagle Mountain** means Eagle Mountain Mining Limited ACN 621 541 204.

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

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

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

Eagle Mountain or **Company** means Eagle Mountain Mining Limited ACN 621 541 204.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia, New Zealand, Singapore or Switzerland.

Entitlement means the number of Securities for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 1 New Share for every 5 existing Shares held on the Record Date, together with 1 Attaching Option for every 2 New Shares issued.

Entitlement and Acceptance Form means the entitlement and acceptance form sent with this Prospectus that sets out the Entitlement of Shareholders to subscribe for New Shares and Attaching Options pursuant to the Entitlement Offer.

Entitlement Offer means the offer under this Prospectus of New Shares and Attaching Options to Eligible Shareholders in accordance with their Entitlements.

Entitlement Offer Closing Date has the meaning given in Section 1.6.

Ineligible Foreign Shareholder or Investor means:

- (a) a person registered as the holder of Shares as at 5:00pm (WST) on the Record Date who is not an Eligible Shareholder; or
- (b) an investor whose residential address is not in Australia, New Zealand, Singapore or Switzerland.

Issuer Sponsored means Securities issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Lead Manager means Peloton.

Lead Manager Mandate means the mandate dated 2 May 2019 between the Company and Peloton.

Listing Rules means the official listing rules of ASX and any other rules of ASX which are applicable while any Securities are admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

New Share means a Share issued pursuant to the Entitlement Offer.

Offers means the Entitlement Offer or the Shortfall Offer, as applicable.

Official List means the official list of ASX.

Official Quotation means quotation of Securities on the Official List.

Option means an option to acquire a Share.

Peloton means Peloton Capital Pty Ltd (ACN 149 540 018) AFSL 406040.

Performance Right means a performance right on the terms and conditions as summarised in Section 3.1.

Prospectus means this prospectus dated 13 May 2019.

Record Date means 5:00pm (WST) on the date identified in the proposed indicative timetable.

Section means a section of this Prospectus.

Securities means any securities, including Shares, Options, or Performance Rights issued or granted by the Company.

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

Share Registry means Computershare Investor Services Pty Limited.

Shareholder means a holder of Shares.

Shortfall Offer means the offer under this Prospectus of the Shortfall Securities.

Shortfall Securities means New Shares and Attaching Options not subscribed for under the Entitlement Offer.

WST means Western Standard Time, being the time in Perth, Western Australia.