

MAGMATIC RESOURCES LIMITED
ACN 615 598 322

ENTITLEMENT ISSUE PROSPECTUS

For a renounceable entitlement issue of one (1) Share for every three (3) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.04 per Share to raise up to \$1,226,939 (being an issue of approximately 30,673,495 Shares based on the number of Shares on issue as at the date of this Prospectus) together with one (1) free attaching option for every one (1) Share subscribed for and issued (**New Option**) (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

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

CONTENTS

1.	CORPORATE DIRECTORY.....	1
2.	TIMETABLE.....	2
3.	IMPORTANT NOTES.....	3
4.	DETAILS OF THE OFFER.....	4
5.	PURPOSE AND EFFECT OF THE OFFER.....	12
6.	RIGHTS AND LIABILITIES ATTACHING TO SECURITIES.....	17
7.	RISK FACTORS.....	21
8.	ADDITIONAL INFORMATION.....	29
9.	DIRECTORS' AUTHORISATION.....	37
10.	GLOSSARY.....	38

1. CORPORATE DIRECTORY

Directors

David Berrie
Non-Executive Chairman

David Richardson
Managing Director

Malcolm Norris
Non-Executive Director

Company Secretary and Chief Financial Officer

Ildiko Wowesny

Share Registry*

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
PERTH WA 6000

Telephone (Australia): 1300 850 505
Telephone (Overseas): +61 3 9415 4000

Auditor

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

Registered and Business Office

Level 1, 11 Lucknow Place
WEST PERTH WA 6005

Telephone: + 61 8 6102 2709

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

Solicitors

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

Lead Manager

CPS Capital Group
Level 45
108 St Georges Terrace
Perth WA 6000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	30 July 2018
Lodgement of Prospectus & Appendix 3B with ASX	30 July 2018
Notice sent to Optionholders	30 July 2018
Notice sent to Shareholders	1 August 2018
Ex date	2 August 2018
Rights start trading	2 August 2018
Record Date for determining Entitlements	3 August 2018
Prospectus sent out to Shareholders & Company announces this has been completed	8 August 2018
Rights stop trading	16 August 2018
Closing Date*	23 August 2018
Shares quoted on a deferred settlement basis	24 August 2018
ASX notified of under subscriptions	28 August 2018
Issue date/Shares entered into Shareholders' security holdings	30 August 2018
Quotation of Shares issued under the Offer*	31 August 2018

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

3. IMPORTANT NOTES

This Prospectus is dated 30 July 2018 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

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

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

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

3.1 Risk factors

Potential investors should be aware that subscribing for 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 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a renounceable entitlement issue of one (1) Share for every three (3) Shares held by Shareholders registered at the Record Date at an issue price of \$0.04 per Share (together with one (1) free attaching New Option for every one (1) Share subscribed for and issued). Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised prior to the Record Date) a maximum of 30,673,495 Shares and 30,673,495 New Options will be issued pursuant to this Offer to raise up to \$1,226,939. An additional 2,000,000 Broker Options will be issued to the Lead Manager, as outlined in section 4.2 below. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company has 22,980,613 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 6 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in section 6.2 of this Prospectus.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in section 5.1 of this Prospectus.

4.2 The Broker Offer

The Lead Manager will be issued 2,000,000 Options exercisable at \$0.10 on or before three (3) years from the date of issue. All of the Broker Options offered under this Prospectus will be issued on the terms and conditions set out in section 6.2 of this Prospectus.

The Broker Offer has been included primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Broker Options issued by the Company prior to the Closing Date

4.3 What Eligible Shareholders may do

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

- (a) take up all of their Entitlement (refer to Section 4.4);
- (b) take up all of their Entitlements and apply for Shortfall Securities (refer to Section 4.5);
- (c) sell all of their Entitlement on ASX (refer to Section 4.5);

- (d) take up a proportion of their Entitlement and sell the balance on ASX (refer to Section 4.7);
- (e) take up a proportion of their Entitlement and allow the balance to lapse (refer to Section 4.8);
- (f) sell all or a proportion of their Entitlement other than on ASX (refer to Section 4.9); or
- (g) allow all or part of their Entitlement lapse (refer to Section 4.10).

4.4 Taking up all of your Entitlement

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

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

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Magmatic Resources Limited — Entitlement Issue Account" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry (by delivery or by post) at:

By delivery Magmatic Resources Limited
 c/o Computershare Investor Services Pty Ltd
 Level 11, 172 St Georges Terrace
 Perth WA 6000

By Post Magmatic Resources Limited
 c/o Computershare Investor Services Pty Ltd
 Level 11, 172 St Georges Terrace
 Perth WA 6000

If you wish to pay via BPAY® you must follow the personalised instructions in your Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in Section 4.11. If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that

funds submitted through BPAY® are received by 4:00 pm (WST) on the Closing Date.

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

4.5 Taking up all your Entitlement and applying for Shortfall Securities

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

4.6 Selling all your Entitlement on ASX

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 2 August 2018 and will cease on 16 August 2018.

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

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

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in section 4.4, or make a payment by BPAY in accordance with Section 4.12.

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

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

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 4.4. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

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

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

If you are a shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable

from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to "Magmatic Resources Limited – Entitlement Issue Account" and crossed "Not Negotiable" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the following address:

By delivery Magmatic Resources Limited
 c/o Computershare Investor Services Pty Ltd
 Level 11, 172 St Georges Terrace
 Perth WA 6000

By Post Magmatic Resources Limited
 c/o Computershare Investor Services Pty Ltd
 Level 11, 172 St Georges Terrace
 Perth WA 6000

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS subregister you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with Section 4.4.

4.10 Allow all or part of your Entitlement to lapse

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

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

4.11 Implications of an acceptance

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

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

4.12 Minimum subscription

There is no minimum subscription.

4.13 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Magmatic Resources Limited – Entitlement Issue Account" and crossed "Not Negotiable".

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

Eligible Shareholders that are based outside Australia and wish to transfer funds via a direct bank transfer to subscribe for their Entitlement should contact Computershare Investor Services Pty Ltd on +61 3 9415 4000.

4.14 Lead Manager to the Entitlement Offer

The Company has entered into a mandate letter with CPS Capital Group Pty Ltd (ACN 088 055 636 and AFSL 294848) (**Lead Manager**), pursuant to which the Lead Manager has agreed to act as lead manager and broker to the Entitlement Offer (**Mandate**).

The Company has agreed to pay the following fees to the Lead Manager (or its nominee) in relation to the Entitlement Offer:

- (a) a management fee of 1% (excluding GST) of the funds raised under the Entitlement Offer for managing the Entitlement Offer;
- (b) a shortfall fee of 5% (excluding GST) of the funds raised by the placement of any Shortfall;
- (c) a lead manager fee of \$40,000 (excluding GST). The Lead Manager has the right to take this fee in scrip under the Offer; and
- (d) 2,000,000 Broker Options.

The Company also agrees to reimburse the Lead Manager for any expenses associated with the Offer including legal fees for the Lead Manager's legal advisors, travel, accommodation, communication, couriers and other. The Lead Manager will obtain the Company's consent prior to incurring any single expense greater than \$1,500.

The Mandate may be terminated by the Company by 2 days written notice to the Lead Manager. In this event any outstanding expenses will be immediately payable.

4.15 Shortfall Offer

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

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.04 being the price at which Shares have been offered under the Offer.

The Company will allow Eligible Shareholders to apply for Securities under the Shortfall Offer subject to such applications being received by the Closing Date. Details on how to apply for Shortfall Securities is set out in Section 4.5.

The Directors reserve the right to issue Shortfall Securities at their absolute discretion. There is no guarantee that Eligible Shareholders will receive Securities applied for under the Shortfall Offer.

The Company notes that no Securities will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Securities would contravene the

takeover prohibition in section 606 of the Corporations Act. Similarly, no Securities will be issued via the Shortfall Offer to any related parties of the Company.

4.16 ASX listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

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

4.17 Issue

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

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

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

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

4.18 Overseas shareholders

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

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

New Zealand

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional

provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 .

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Japan

The Securities have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to small number investors. The document is for the exclusive use of existing shareholders of the Company in connection with the Offer. This document is confidential to the person to whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) to any other person in Japan or resident of Japan other than in connection with consideration by the Company's shareholders of the Offer.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia, New Zealand and Japan without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Appointment of Nominee

Pursuant to ASX Listing Rule 7.7 and section 615 of the Corporations Act, the Company has appointed a nominee, CPS Capital Group, to sell the Entitlements to which Ineligible Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale. The Company will obtain ASIC approval for the appointment of the nominee, as required by section 615 of the Corporations Act.

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

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

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

Shareholders resident in Australia, New Zealand and Japan holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.19 Enquiries

Any questions concerning the Offer should be directed to Ildiko Wovesny, Company Secretary, on +61 8 6102 2709.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,226,939. No funds will be raised from the issue of the New Options.

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

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Exploration on the company's tenements	830,000	67.65%
2.	Expenses of the Offer ¹	84,761	6.91%
3.	Working capital	312,178	25.44%
	Total	1,226,939	100%

Notes:

1. Refer to section 8.7 of this Prospectus for further details relating to the estimated expenses of the Offer.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve its objectives.

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

5.2 Effect of the Offer

The principal effect of the Offer, assuming the issue of the Broker Options and all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,142,178 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 92,020,485 as at the date of this Prospectus to 122,693,980 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from 22,980,613 as at the date of this Prospectus to 55,654,108 Options following completion of the Offer.

5.3 Pro-forma balance sheet

The auditor reviewed balance sheet as at 31 December 2017 and the unaudited pro-forma balance sheet as at 30 April 2018 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including

expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	REVIEWED 31 December 2017	UNAUDITED 30 April 2018	PROFORMA 30 April 2018
CURRENT ASSETS			
Cash	2,177,939	723,906	1,866,084
Other current assets	172,079	79,518	79,518
TOTAL CURRENT ASSETS	2,350,018	803,424	1,945,602
NON-CURRENT ASSETS			
P,P & E	94,484	80,863	80,863
Security Bonds	101,300	101,300	101,300
Exploration	1,368,350	1,368,350	1,368,350
TOTAL NON-CURRENT ASSETS	1,564,134	1,550,513	1,550,513
TOTAL ASSETS	3,914,134	2,353,937	3,496,115
CURRENT LIABILITIES			
Creditors and borrowings	617,922	253,424	253,424
TOTAL CURRENT LIABILITIES	617,922	253,424	253,424
TOTAL LIABILITIES	617,922	253,424	253,424
NET ASSETS (LIABILITIES)	3,296,230	2,100,513	3,242,691
EQUITY			
Share capital	3,813,182	3,813,182	5,040,121
Reserves	4,668,703	4,668,703	4,668,703
Retained loss	(5,185,655)	(6,381,372)	(6,466,133)
TOTAL EQUITY	3,296,230	2,100,513	3,242,691

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming the issue of the Broker Options and all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	92,020,485
Shares offered pursuant to the Offer	30,673,495
Total Shares on issue after completion of the Offer	122,693,980

Options

	Number
Options currently on issue:	
Quoted exercisable at \$0.30 on or before 17 May 2020	8,480,613
Unquoted exercisable at \$0.30 on or before 17 May 2020	9,500,000
Unquoted exercisable at \$0.20 or 5% discount to the 20 day VWAP on or before 11 May 2019	2,500,000
Unquoted exercisable at \$0.20 or 5% discount to the 20 day VWAP on or before 11 May 2020	2,500,000
New Options offered pursuant to the Offer (Quoted exercisable at \$0.10 on or before three (3) years from the date of issue)	30,673,495
Broker Options (Quoted exercisable at \$0.10 on or before three (3) years from the date of issue)	2,000,000
Total Options on issue after completion of the Offer	55,654,108

Performance Shares

	Number
Performance Shares currently on issue	8,000,000
Performance Shares offered pursuant to the Offer	Nil
Total Performance Shares on issue after completion of the Offer	8,000,000

The capital structure on a fully diluted basis as at the date of this Prospectus would be 92,020,485 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 122,693,980 Shares.

58,484,118 Shares on issue are escrowed until 19 May 2019.

5.5 Details of substantial holders

Based on publicly available information as at 29 March 2018, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
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Bilingual Software Pty Ltd <Let's Go Investment A/C> and D & R Richardson <Superfund A/C>	32,962,573	35.82
Gold Fields Australia Pty Ltd	16,000,000	17.39
Davthea Pty Ltd <David Berrie Super Fund A/C>	11,994,044	13.03

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

5.6 Effect of the Offer on the Control of the Company

As at the date of this Prospectus the Company's largest substantial holder is Bilingual Software Pty Ltd <Let's Go Investment A/C> and D & R Richardson <Superfund A/C>. Both entities are controlled by Director David Richardson and hold a combined total of 32,962,573 Shares, being a voting power in the Company equal to approximately 35.82%.

David Richardson's present relevant interest and changes under several scenarios are set out in the table below and are based on the assumption that David Richardson takes up his full Entitlement of 10,987,525 Shares under each scenario. However, Mr Richardson has advised the Company that he does not intend to take up his full Entitlement.

Event	Shares held by David Richardson	Voting power of David Richardson
Date of Prospectus	32,962,573	35.82%
Completion of Entitlement Issue		
• Fully subscribed	43,950,098	35.82%
• 75% subscribed	43,950,098	38.20%
• 50% subscribed	43,950,098	40.93%
• 35.82% subscribed	43,950,098	42.66%

Goldfields Australia Pty Ltd's (**Goldfields**) present relevant interest and changes under several scenarios are set out in the table below and are based on the assumption that Goldfields takes up their full Entitlement of 5,333,334 Shares under each scenario.

Event	Shares held by David Richardson	Voting power of David Richardson
Date of Prospectus	16,000,000	17.39%
Completion of Entitlement Issue		
• Fully subscribed	21,333,334	17.39%
• 75% subscribed	21,333,334	18.54%
• 50% subscribed	21,333,334	19.87%
• 17.39% subscribed	21,333,334	21.91%

The number of Shares held by David Richardson and Goldfields and their voting power in the tables above show the potential effect of their take up of the Offer. However, the Company considers it is unlikely that no Shareholder (other than David Richardson or Goldfields) takes up any of their Entitlement. David

Richardson and Goldfields' voting power will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by the other Shareholders.

In the event that David Richardson and Goldfields subscribe for their full Entitlements under the Offer, no breach of section 606 of the Corporations Act will occur as such subscription and issue of Shares will fall within the exception to section 606 of the Corporations Act under Item 10 of section 611 of the Corporations Act.

In order to mitigate any potential control effects, the Company has included a Shortfall Offer, as described in Section 4.15 above.

5.7 Potential Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 25% (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 is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	10.87%	3,333,333	10,000,000	8.15%
Shareholder 2	5,000,000	5.43%	1,666,667	5,000,000	4.08%
Shareholder 3	1,500,000	1.63%	500,000	1,500,000	1.22%
Shareholder 4	400,000	0.43%	133,333	400,000	0.33%
Shareholder 5	50,000	0.05%	16,667	50,000	0.04%

Notes:

- The dilutionary 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 all Entitlements are not accepted and some, or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Shares

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

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

(a) **General meetings**

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

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

(b) **Voting rights**

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

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

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of

the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

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

(d) **Winding-up**

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

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

(e) **Shareholder liability**

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

(f) **Transfer of shares**

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

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **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.

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

(i) **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.

6.2 New Options and Broker Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.10 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on three (3) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

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

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

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

7. RISK FACTORS

7.1 Introduction

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

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

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

7.2 Company specific

(a) Tenure, access and grant of applications

Interests in tenements in New South Wales are governed by the mining acts and regulations that are current in that State and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

All of the tenements in which the Company has an interest (or tenements in which the Company may acquire an interest in the future), will be subject to applications for renewal or exemption from expenditure (as the case may be). The renewal or exemption from expenditure for a tenement is usually determined at the discretion of the relevant government authority.

If a tenement is not renewed or granted an exemption from expenditure, the Company may suffer damage through loss of opportunity to develop and discover minerals on that tenement.

(b) Management

The Company's operational success depends substantially on the continuing efforts of Directors and senior management. The loss of services of one or more Directors or senior management may have an adverse effect on the Company's operations. Furthermore, if the Company is unable to attract, train and retain key individuals and other highly skilled employees and consultants, its business may be adversely affected. Key personnel have been covered by executive services agreements and contractor agreements and in most instances, incentive plans to ensure that key personnel are incentivised and rewarded for performance.

(c) **Exploration success**

The tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the tenements, or any other licenses that may be acquired in the future, will result in the discovery of mineral resources or an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The Company has not yet published resource estimates for any prospects. There is no assurance that exploration or project studies by the Company will result in the definition of an economically viable mineral deposit or that the exploration tonnage estimates and conceptual project developments discussed in this Prospectus are able to be achieved.

(d) **Exploration costs**

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

(e) **Future capital needs**

The future capital requirements of the Company will depend on many factors. The Directors believe that the proceeds of the Offer (based on raising the minimum subscription) should be adequate to fund its business activities and to continue as a going concern in the short term however changes to operational requirements, market conditions and the identification of other opportunities may mean further funding is required by the Company at an earlier stage than is currently anticipated.

Should the Company require additional funding, there can be no assurance that additional financing will be available, either on acceptable terms or at all. Any inability to obtain additional funding, if required, will have a material adverse effect on the Company's business, its financial condition and performance, and its ability to continue as a going concern.

Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the Offer and may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

The Company may undertake offerings of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

(f) **Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 92,020,485 currently on issue to 122,693,980. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

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

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.053 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

7.3 Industry specific

(a) **Mineral Resources Estimates**

Mineral Resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop Mineral Resources. Consequently, the actual Mineral Resources may differ from those estimated, which may result in either a positive or negative effect on operations.

Should the Company's projects encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, Mineral Resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(b) **Exploration risk**

The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterised by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in the Company expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. The Company believes that those consultants and others are competent and that they have carried out their work in accordance with Australian recognised industry standards. However, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays or increased costs in developing its properties.

(c) **Safety risks**

Safety is a fundamental risk for any exploration and production company in regards to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

The Company intends on developing a set of safety procedures to identify issues and mitigation strategies.

(d) **Native title**

The *Native Title Act 1993 (Cth)* recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans.

Native title can be extinguished by valid grants of land or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters. Native title is not extinguished by the grant of mining leases, as they are not considered to be grants of exclusive possession. A valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title.

For tenements to be validly granted (or renewed) after 23 December 1996 the special "right to negotiate" regime established by the Native Title Act must be followed.

It is important to note that the existence of a native title claim is not an indication that native title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of exploration and mining operations.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(e) **Government Regulation**

Any material adverse changes in government policies or legislation that affect mining, processing, development and mineral exploration activities, income tax laws, royalty regulations, government subsidies and environmental issues may affect the viability and profitability of the Company's current and future projects.

The mining, processing, development and mineral exploration activities of the Company's projects are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, indigenous land claims, and other matters. Furthermore, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining or more stringent implementation thereof could have a substantial adverse impact on the current and any future project and hence the Company.

(f) **Environmental**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(g) **Equipment and availability**

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

7.4 General risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with

respect to the taxation consequences of subscribing for Shares under this Prospectus.

(d) **Litigation risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(e) **Joint venture, acquisitions or other strategic investments**

The Company may make strategic investments in complementary businesses or enter into strategic partnerships or alliances with third parties in order to enhance its business. At the date of this Prospectus, the Company is not aware of the occurrence or likely occurrence of any such risks which would have a material adverse effect on the Company or its subsidiaries.

(f) **Insurance**

The Company has insured its operations in accordance with industry practice. However, in certain circumstances the Company'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 fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.

(g) **Regulatory risks**

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

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

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

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

8. ADDITIONAL INFORMATION

8.1 Litigation

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

8.2 Continuous disclosure obligations

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

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

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

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

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

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
16/07/2018	Annual Shareholder Update
21/06/2018	Amended Presentation
21/06/2018	Retraction of Exploration Targets
20/06/2018	Investor Presentation
20/06/2018	Magmatic Resources advances major Cu-Au Porphyry project
04/06/2018	Up to 7.7% Copper Rock Chip Samples at Wellington North
28/05/2018	Detailed aeromag survey identifies 11 new Au and Cu-Au target
11/05/2018	Appendix 3B
10/05/2018	Presentation at RIU Conference Sydney
10/05/2018	92.8 g/t Au Rock Chip Confirms High-grade Gold Target
08/05/2018	Completion of the Mt Venn Copper-Nickel-Cobalt Project
02/05/2018	Appendix 3B and Cleansing Notice
30/04/2018	Quarterly Cashflow Report
30/04/2018	Quarterly Activities Report
26/04/2018	High grade rock chip samples enhance Bodangora gold target
11/04/2018	Amendment to Announcement
11/04/2018	Magmatic takes strategic position in Yamarna goldfield
06/04/2018	Amended Review of Operations
29/03/2018	Change in substantial holding
29/03/2018	Change of Director's Interest Notice
29/03/2018	Change of Director's Interest Notice
29/03/2018	Appendix 3B and Cleansing Notice

Date	Description of Announcement
26/03/2018	Change of Director's Interest Notice
26/03/2018	Change of Director's Interest Notice
20/03/2018	RC drilling discovers 2km long mineralised gold trend
14/03/2018	Magmatic secures major Copper-Nickel-Cobalt Project
12/03/2018	Half Yearly Report and Accounts
19/02/2018	Gold-Copper Discovered in Drilling at Lady Ilse-amended
19/02/2018	Drilling Update Lady Ilse
31/01/2018	Quarterly Activities Report
31/01/2018	Quarterly Cashflow Report
24/01/2018	Change of Director's Interest Notice
09/01/2018	Change of Director's Interest Notice
08/01/2018	Change of Director's Interest Notice
11/12/2017	Follow-up drilling to commence at Lady Ilse
04/12/2017	Soil sampling underway on Boxdale-Carlisle gold target
01/12/2017	Company Secretary Appointment/Resignation
21/11/2017	New Exploration Licence Granted at Moorefield Project
16/11/2017	Results of Meeting
13/11/2017	SIGNIFICANT GOLD INTERCEPTS AT LADY ILSE, WELLINGTON PROJECT
07/11/2017	Appendix 3B
02/11/2017	Presentation at IMARC Conference
30/10/2017	Quarterly Activities and Cashflow Report
19/10/2017	AIRCORE DRILLING IN PROGRESS AT LADY ILSE
17/10/2017	GOLD MINERALISATION EXTENDED AT CARLISLE REEFS
06/10/2017	Notice of Annual General Meeting/Proxy Form
29/09/2017	Appendix 4G and Corporate Governance Statement
29/09/2017	Annual Report to shareholders

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

The announcements are also available through the Company's website www.magmaticresources.com

8.3 Market price of shares

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

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

Highest	\$0.095	10/05/2018
Lowest	\$0.053	26/07/2018
Last	\$0.053	26/07/2018

8.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

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

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

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Class "B" Performance Shares	Entitlement	\$
David Berrie	Indirect - 11,994,044	1,360,000	3,998,014	\$159,920
David Richardson	Indirect - 32,962,573	4,480,000	10,987,524	\$439,500

Malcolm Norris	Nil	Nil	Nil	Nil
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The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up a portion of their respective Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

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

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

Director	2016	2017	2018
David Berrie	Nil	\$45,572	\$60,000
David Richardson	Nil	\$35,238	\$150,000
Malcolm Norris	Nil	\$5,000	\$40,000

8.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

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

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

- (i) its formation or promotion; or
- (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

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

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$136,714 (excluding GST and disbursements) for legal services provided to the Company.

CPS Capital Group will be paid a Lead Manager fee of \$40,000 and a management fee of approximately \$12,269 (1% of the total amount raised, based on full subscription) in respect of the Offer. CPS has the right to take the Lead Manager fee and the management fee in scrip. CPS will also be paid 5% of any shortfall placed. Additionally, CPS will be issued with 2 million Broker Options on the same terms as those offered under the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, CPS Capital Group has not been paid any fees by the Company.

8.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, 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:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) in light of the above, only 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;
- (c) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC;
- (d) CPS Capital Group has given its written consent to being named as Lead

Manager to the Company in this Prospectus. CPS Capital Group has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC; and

- (e) BDO Audit (WA) Pty Ltd has given its written consent to being named as auditor to the Company in this Prospectus. BDO Audit (WA) Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.7 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$84,761 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	6,286
Lead Manager fees	52,269
Legal fees	15,000
Printing and distribution	5,000
Miscellaneous	3,000
Total	<u>84,761</u>

8.8 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on + 61 8 6102 2709 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.magmaticresources.com

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

8.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

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

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

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

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

8.11 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and 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 Company's share registry.

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

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

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Mr David Berrie
Non-Executive Chairman
For and on behalf of
Magmatic Resources Limited

10. GLOSSARY

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

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

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

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

Broker Offer means the offer of the Broker Options to the Lead Manager on the terms set out in section 6.2.

Broker Options means a total of 2,000,000 Options to be issued to the Lead Manager exercisable at \$0.10 on or before three (3) years from the date of issue and otherwise on the terms set out in section 6.2.

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

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

Company means Magmatic Resources Limited (ACN 615 598 322).

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

Corporations Act means the Corporations Act 2001 (Cth).

CPS or CPS Capital Group means CPS Capital Group Pty Ltd.

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

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

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Lead Manager means CPS Capital Group Pty Ltd.

New Option means an Option issued on the terms set out in section 6.2 of this Prospectus.

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

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

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

Securities means Shares and/or New Options offered pursuant to the Entitlement.

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

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in section 4.15 of this Prospectus.

Shortfall Securities means those Securities issued pursuant to the Shortfall.

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