

**HARANGA RESOURCES LIMITED**  
**ACN 141 128 841**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of \$0.004 per Share to raise up to \$1,367,383 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is partially underwritten by Golden Rain Holdings Limited. Refer to Sections 3.4 and 3.5 for details regarding the underwriting arrangements.

**IMPORTANT NOTICE**

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

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

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## TABLE OF CONTENTS

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1.	CORPORATE DIRECTORY.....	1
2.	TIMETABLE.....	2
3.	IMPORTANT NOTES.....	3
4.	DETAILS OF THE OFFER.....	8
5.	PURPOSE AND EFFECT OF THE OFFER.....	15
6.	RIGHTS AND LIABILITIES ATTACHING TO SECURITIES.....	18
7.	RISK FACTORS.....	21
8.	ADDITIONAL INFORMATION.....	29
9.	DIRECTORS' AUTHORISATION.....	36
10.	GLOSSARY.....	37

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## 1. CORPORATE DIRECTORY

### Directors

Marshall Cooper  
*Executive Chairman*

Erdene Tsengelbayar  
*Executive Director*

Brian McMaster  
*Non-Executive Director*

Matthew Wood  
*Non-Executive Director*

Michael Riady  
*Non-Executive Director*

Jack James  
*Non-Executive Director*

Bat-Ochir Sukhbaatar  
*Non-Executive Director*

### Company Secretary

Jack James

### Share Registry\*

Automic Registry Services  
Suite 1a, Level 1  
7 Ventnor Avenue  
WEST PERTH WA 6005

Telephone: +61 8 9324 2099  
Facsimile: +61 8 9321 2337

### Registered Office

Level 1  
330 Churchill Avenue  
SUBIACO WA 6008

Telephone: +61 8 9200 4415  
Facsimile: +61 8 9200 4469

Email: admin@haranga.com  
Website: www.haranga.com

### Solicitors

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

### Partial Underwriter

Golden Rain Holdings Limited  
Rooms 2302 and 2303  
23<sup>rd</sup> Floor Tower One  
Lippo Centre  
89 Queensway Hong Kong

### Auditor\*

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

\*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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## 2. TIMETABLE

Lodgement of Prospectus with the ASIC	29 January 2016
Lodgement of Prospectus & Appendix 3B with ASX	29 January 2016
Notice sent to Optionholders	1 February 2016
Notice sent to Shareholders	2 February 2016
Ex date	3 February 2016
Record Date for determining Entitlements	5 February 2016
Prospectus sent out to Shareholders & Company announces this has been completed	10 February 2016
Last day to extend the Closing Date	16 February 2016
Closing Date (5:00 pm WST)*	19 February 2016
Shares quoted on a deferred settlement basis	22 February 2016
Notify ASX of under subscriptions	24 February 2016
Issue date/Shares entered into Shareholders' security holdings	26 February 2016
Quotation of Shares issued under the Offer	29 February 2016

\* The Directors may extend the Closing Date subject to the Listing Rules. As such the date the Shares are expected to commence trading on ASX may vary.

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### 3. IMPORTANT NOTES

This Prospectus is dated 29 January 2016 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 Shares 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 Shares 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 Shares in the Company involves a number of risks. Key risk factors include:

- (a) potential for significant dilution;
- (b) control and liquidity risk;
- (c) operational risk;
- (d) sovereign risk;
- (e) joint venture parties, contractors and contractual disputes risk;
- (f) additional requirements for capital;
- (g) exploration risk; and
- (h) currency risks.

The key risk factors of which investors should be aware are set out in more detail at Section 7 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 Shares pursuant to this Prospectus.

### 3.2 Directors Interests in Securities

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 (assuming their Options are not exercised), is set out in the table below.

Director	Shares	Options	Entitlement (Shares)	\$
Matthew Wood <sup>1</sup>	10,841,509	1,500,000	10,841,509	\$43,366
Erdene Tsengelbayar <sup>2</sup>	1,641,277	2,000,000	1,641,277	\$6,565
Brian McMaster <sup>3</sup>	833,053	Nil	833,053	\$3,332
Michael Riady	Nil	Nil	Nil	Nil
Marshall Cooper <sup>4</sup>	Nil	250,000	Nil	Nil
Bat-Ochir Sukhbaatar <sup>5</sup>	6,533,743	250,000	6,533,743	\$26,135
Jack James	Nil	Nil	Nil	Nil

#### Notes

- 1 Mr Wood has a direct interest in 1,952,352 Shares and an indirect interest of 8,889,157 Shares through Whistling Kite Equity Ltd. Mr Wood also has an indirect interest of 500,000 Options exercisable at \$1 each, expiring 16 February 2016 and 1,000,000 Options exercisable at \$0.20 expiring 30 June 2018 through Mitchell Grass Holdings Singapore Pte Ltd.
- 2 Mr Tsengelbayar has a direct interest in 1,641,277 Shares and 2,000,000 Options exercisable at \$0.20 each, expiring 30 June 2018.
- 3 Mr McMaster has an indirect interest in 833,053 Shares through Briant Nominees Pty Ltd <Briant Super Fund a/c>.
- 4 Mr Cooper has a direct interest in Options exercisable at \$0.20 each, expiring 30 June 2018.
- 5 Mr Sukhbaatar has an indirect interest in 6,533,743 Shares through Geotras LLC and a direct interest in 250,000 Options exercisable at \$0.20 each, expiring 30 June 2018.

### 3.3 Substantial Holders

Based on substantial shareholder notices lodged prior to the date of this Prospectus, 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	%
Golden Rain Holdings and Lippo Limited (together with its controlled entities)	114,798,963	33.58
Amarbaatar Chultem	39,202,454	11.47

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

### 3.4 Underwriting

The Offer is underwritten by Golden Rain up to such amount of Shares as will result in Golden Rain having a voting power in the Company of no greater than 39.0%.

Golden Rain's underwriting commitment is unconditional and cannot be terminated other than in the event that the Offer does not proceed. Golden Rain will not be paid in respect of its underwriting commitment.

### 3.5 Effect on control of the Company

As at the date of this Prospectus, the Company's largest substantial holder, Golden Rain Holdings and Lippo Limited (together with its controlled entities) (**Golden Rain**'), holds a total of 114,798,963 Shares, being a voting power in the Company equal to approximately 33.58%.

Golden Rain has entered into a letter of firm commitment and underwriting agreement with the Company pursuant to which the maximum number of Shares it will take up in respect of the Offer is up to such number of Shares which will result in Golden Rain having a voting power in the Company equal to 39.0%.

Successful completion of the Offer will enable the Company to give effect to its objectives stated in Section 5.1 of this Prospectus.

Notwithstanding the potential control effect of the Offer, the Company understands that Golden Rain (and its associates):

- (a) has no present intention of making any significant changes to the business of the Company;
- (b) has no present intention to inject further capital into the Company;
- (c) has no present intention regarding the future employment of the present employees of the Company;
- (d) does not intend to redeploy any fixed assets of the Company;
- (e) does not intend to transfer any property between the Company and Golden Rain or any of its associates; and
- (f) has no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to Golden Rain at the date of this Prospectus.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

### 3.6 Potential dilution to Shareholders

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 50% (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 (assuming no Options are exercised prior to the Record Date).

Holder	Holding as at Record date	% at Record Date	New Share Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	20,000,000	5.85%	20,000,000	20,000,000	2.93%
Shareholder 2	10,000,000	2.93%	10,000,000	10,000,000	1.46%
Shareholder 3	5,000,000	1.46%	5,000,000	5,000,000	0.73%
Shareholder 4	2,500,000	0.73%	2,500,000	2,500,000	0.37%
Shareholder 5	1,000,000	0.29%	1,000,000	1,000,000	0.15%
<b>Total</b>	<b>341,845,828</b>		<b>341,845,828</b>	<b>683,691,656</b>	

**Notes:**

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements are not accepted by the Shareholder and the Shares are placed under the Shortfall Offer and no Options are exercised.

### 3.7 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its quoted securities, including 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	\$0.005	20/10/2015 – 23/10/2015 04/11/2015 – 06/11/2015 09/11/2015 – 29/11/2015 03/12/2015 – 04/12/2015
Lowest	\$0.002	14/01/2016 – 28/01/2016
Last	\$0.002	28/01/2016

### 3.8 Forward-looking statements

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.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

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

We 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.

We 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.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

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## **4. DETAILS OF THE OFFER**

### **4.1 The Offer**

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by eligible Shareholders registered at the Record Date at an issue price of \$0.004 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 341,845,828 Shares will be issued pursuant to this Offer to raise approximately \$1,367,383.

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 6.1 for further information regarding the rights and liabilities attaching to the Shares.

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

### **4.2 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 4.3);
- (b) take up all of their Entitlement and apply for additional Shares under the Shortfall Offer (refer to Sections 4.3 and 4.10);
- (c) take up a proportion of their Entitlement and allow the balance to lapse (refer to Section 4.4); or
- (d) allow all or part of their Entitlement lapse (refer to Section 4.5).

### **4.3 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.

### **4.4 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 4.3 or make a payment by BPAY in accordance with Section 4.8. 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 that part of your Entitlement.

#### 4.5 Allow all or part of your Entitlement to lapse

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

#### 4.6 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.

#### 4.7 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Haranga 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.

#### 4.8 Payment by BPAY®

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

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

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

#### 4.9 Minimum subscription

The minimum subscription under the Offer is approximately \$121,448 worth of Shares (being a total of 30,362,147 Shares, the number of Shares to taken up by Golden Rain in the event that no Shareholders other than Golden Rain take up their Entitlements and no Shortfall Shares are issued).

#### **4.10 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. Shares not taken up by Eligible Shareholders will form part of the Shortfall Offer. The issue price of any Shares offered pursuant to the Shortfall Offer will be \$0.004 each, which is the issue price at which Shares have been offered to Eligible Shareholders under the Offer.

Eligible Shareholders who wish to subscribe for Shares above their Entitlement are invited to apply for additional Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shares using BPAY® (refer to Section 4.8 above).

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. Subject to Golden Rain's entitlement to be issued such number of Shares under the Shortfall Offer as will result in it having a voting power in the Company of 39.0%, Eligible Shareholders applying for in excess of their full Entitlement will have priority under the Shortfall Offer subject to applications being received by the Closing Date of the Offer. In the event of oversubscription from these applications they will be scaled back on a pro-rata basis.

The Company notes that no Shares will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Shares will be issued via the Shortfall Offer to any related parties of the Company.

#### **4.11 ASX listing**

Application for Official Quotation of the Shares 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 Shares 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 Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

#### **4.12 Issue**

Shares 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.

Shares 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 Shares 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 Shares 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 Shares issued under the Shortfall Offer as soon as practicable after their issue.

#### 4.13 Overseas shareholders

##### (a) Hong Kong

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

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

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

##### (b) New Zealand

The Offers to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008.

The Offers and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the Offers must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to these Offers. If you need to make a complaint about an Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offers may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

(c) **Mongolia**

This Prospectus has not been registered with the Financial Regulatory Commission of Mongolia and does not constitute a public offer of the New Shares within the territory of Mongolia. This Prospectus is only intended to be distributed and made available to existing Shareholders of the Company and is personal to each Shareholder to whom it has been delivered. This Prospectus may not be distributed or redistributed, published or advertised, directly or indirectly to the public or any member of the public in Mongolia. No recipient of this Prospectus may issue, distribute, circulate or disseminate this Prospectus or make or give copies of this Prospectus to any other person.

(d) **Other Overseas Shareholders**

This Prospectus is only intended to be distributed and made available to existing Shareholders of the Company and is personal to each Shareholder to whom it has been delivered. 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 New 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 New Shares will not be issued to Shareholders with a registered address which is outside Australia, Mongolia, New Zealand and Hong Kong.

The distribution of this Prospectus in jurisdictions outside Australia, Mongolia, New Zealand and Hong Kong 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. No action has been taken to register or qualify these New Shares the subject of this Prospectus or otherwise permit a public offering of the New Shares the subject of this Prospectus in any jurisdiction outside Australia, Mongolia, New Zealand and Hong Kong.

(e) **Appointment of Nominee**

Pursuant to Section 615 of the Corporations Act, the Company will appoint CPS Capital Group Pty Ltd as the nominee for the Shares to which Ineligible Shareholders who accept the Offer are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Shares will 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 Shares 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 Shares will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Shares (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 must sell Shares, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, the Nominee will not be required to sell Ineligible Shareholders' Shares at a particular price.

Shareholders resident in Australia, New Zealand, Hong Kong or Mongolia 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.

#### **4.14 Enquiries**

Any questions concerning the Offer should be directed to Jack James, Company Secretary, on + 61 8 9200 4415.



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## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,367,383 (before expenses).

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

Item	Proceeds of the Offer	Minimum Subscription (\$121,448)		Maximum Subscription (\$1,367,383)	
		(\$)	%	(\$)	%
1.	Mining and exploration licenses and land use related fees and costs	5,000	4.1	120,000	8.8
2.	Environmental and social impact detailed assessment	2,000	1.7	35,000	2.6
3.	Development expenses of Selenge Project	70,000	57.7	910,000	66.6
4.	Administrative and operation expenses	18,000	14.8	250,000	18.3
5.	Working capital	5,396	4.4	27,172	2.0
6.	Expenses of the offer <sup>1</sup>	21,052	17.3	25,211	1.7
	<b>Total</b>	<b>121,448</b>	<b>100</b>	<b>1,367,383</b>	<b>100</b>

#### Notes:

1. Refer to Section 8.7 of this Prospectus for further details relating to the estimated expenses of the Offer. In the event that more than the minimum subscription but less than the full subscription is raised by the Offer, funds will be applied first towards the expenses of the Offer and then towards operation expenses and development expenses.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) 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 all Shares offered under the Prospectus are issued, will be to:

- (a) increase the cash reserves by \$1,342,172 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 341,845,828 as at the date of this Prospectus to 683,691,656 Shares following completion of the Offer.

### 5.3 Pro-forma statement of financial position

The unaudited statement of financial position as at 30 November 2015 and the unaudited pro-forma statement of financial position as at 30 November 2015 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 statement of financial position 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 statement of financial position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company 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.

	30 Nov 2015 Unaudited	Capital Raising	Fundraising Costs	30 Nov 2015 Prof-forma
<b>CURRENT ASSETS</b>				
Cash	78,893	1,367,383	(25,211)	1,421,065
Receivables	158,552	-	-	158,552
Other current assets	138,629			138,629
<b>Total Current Assets</b>	<b>376,074</b>	<b>1,367,383</b>	<b>(25,211)</b>	<b>1,718,246</b>
<b>NON-CURRENT ASSETS</b>				
Plant & equipment	523,311	-	-	523,311
Mining & exploration	26,067,260	-	-	26,067,260
<b>Total Non-current Assets</b>	<b>26,590,571</b>	<b>-</b>	<b>-</b>	<b>26,590,571</b>
<b>TOTAL ASSETS</b>	<b>26,966,645</b>	<b>1,367,383</b>	<b>(25,211)</b>	<b>28,308,817</b>
<b>CURRENT LIABILITIES</b>				
Creditors	398,805	-	-	398,805
<b>Total Current Liabilities</b>	<b>398,805</b>	<b>-</b>	<b>-</b>	<b>398,805</b>
<b>TOTAL LIABILITIES</b>	<b>398,805</b>	<b>-</b>	<b>-</b>	<b>398,805</b>
<b>NET ASSETS / (LIABILITIES)</b>	<b>26,567,840</b>	<b>-</b>	<b>-</b>	<b>27,910,012</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital	39,944,203	1,367,383	(25,211)	41,286,375
Reserves	6,382,699	-	-	6,382,699
Retained Loss	(19,759,062)	-	-	(19,759,062)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>26,567,840</b>	<b>1,367,383</b>	<b>(25,211)</b>	<b>27,910,012</b>

### Basis of Preparation

The pro forma statement of financial position has been prepared in accordance with the ASIC Regulatory Guide 230 relating to Disclosing non-IFRS Financial Information. The pro forma statement of financial position is based on the unaudited statement of financial position as at 30 November 2015 that has been adjusted to reflect the issue of 341,845,828 Shares pursuant to this Prospectus to raise \$1,367,383 before costs of the Offer of \$25,211.

#### 5.4 Effect on capital structure

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

##### Shares

	Number
Shares currently on issue	341,845,828
Shares to be issued pursuant to the Offer	341,845,828
<b>Total Shares on issue after completion of the Offer</b>	<b>683,691,656</b>

##### Options

	Number
Options currently on issue	
Unlisted Options exercisable at \$1.00 on or before 16 February 2016	4,000,000
Unlisted Options exercisable at \$0.50 on or before 1 July 2016	1,000,000
Unlisted Options exercisable at \$0.20 on or before 30 June 2018	8,750,000
Unlisted Options exercisable at \$0.10 on or before 31 March 2016	3,700,000
Unlisted Options exercisable at \$0.05 on or before 31 December 2017	15,000,000
<b>Total Options on issue after completion of the Offer</b>	<b>32,450,000</b>

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## 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 the Constitution and to any rights and restrictions attaching to any class of shares, at meetings of shareholders or other classes of shareholder, each shareholder entitled to attend and vote may attend and vote in person or by proxy or by attorney and, where the shareholder is a body corporate, by representative.

On a show of hands every Shareholder present having the right to vote at the meeting has one vote. On a poll every Shareholder present has one vote for each fully paid Share and, in the case of partly paid Shares or Shares held by the Shareholder, a fraction of a vote equivalent to the proportion which the amount paid (but not credited) is of the total amounts paid and payable (excluding amounts credited) on the Share or Shares held.

#### (c) Dividend rights

Subject to the Corporations Act and to any special rights or restrictions attached to any Shares, Directors may from time to time authorise the Company to pay interim and final dividends which appear to the Directors to be justified by the profits of the Company.

#### (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.

#### (e) 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 Listing Rules.

(f) **Future increase in capital**

The allotment and issue of any Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the 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.

(g) **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.

The Shares are quoted on ASX.

(h) **Partly paid shares**

The Directors may, subject to compliance with the Constitution, the Corporations Act and the Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(i) **Dividend reinvestment and share plans**

The members of the Company, in general meeting, may authorise the Directors to implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

(j) **Directors**

The Constitution states that the minimum number of Directors is three.

(k) **Powers of the Board**

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have power to manage the business of the Company and may exercise every right, power or capacity of the Company to the exclusion of the members (except to sell or dispose of the main undertaking of the Company).

(l) **Share buy backs**

Subject to the provisions of the Corporations Act and the Listing Rules, the Company may buy back shares in itself on terms and at times determined by the Directors.

(m) **Unmarketable parcels**

The Constitution permits the Board to sell the shares held by a shareholder if they comprise less than a marketable parcel within the meaning of the Listing Rules. The procedure may only be invoked once in any 12 month period and requires the Company to give the shareholder notice of the intended sale. If a shareholder does not want his shares sold, he may notify the Company accordingly.

(n) **Capitalisation of profits**

The Company may capitalize profits, reserves or other amounts available for distribution to members. Subject to the Constitution and the terms of issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(o) **Capital reduction**

Subject to the Corporations Act and the Listing Rules, the Company may reduce its share capital.

(p) **Preference shares**

The Company may issue preference shares including preference shares that are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

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## **7. RISK FACTORS**

### **7.1 Introduction**

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

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

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

### **7.2 Company specific**

#### **(a) Potential 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 341,845,828 currently on issue to 683,691,656. This means that each Share will represent a 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 closing price of Shares on ASX prior to the Prospectus being lodged of \$0.002 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

#### **(b) Control and Liquidity Risk**

Shareholders should be aware that the Offer may result in Golden Rain increasing its relevant interest in the voting shares of the Company up to a maximum of 39.0% and effectively being in a position to control the Company. Please refer to section 3.5 for further details in relation to the potential change in control effects on the Company.

The Company considers it unlikely that Golden Rain will sell its Shares on-market and, in the circumstances, there is a risk that the Company's Shares will have reduced liquidity in the event that Golden Rain takes up the maximum number of Shares to which it is entitled.

#### **(c) Operational Risks**

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors.

The Company's Mongolian project will be subject to extreme climatic conditions which restrict the period within which exploration; appraisal and possibly production activities may take place and may also place Company personnel at risk if exposed to these extreme conditions.

Mongolia has a foreign worker quota system that may make it difficult to hire qualified personal even where local manpower is unavailable.

A summary of factors that may affect the operations of the Company, include:

- (i) geological conditions;
- (ii) alterations to joint venture programs and budgets;
- (iii) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (iv) mechanical failure of operating plant and equipment, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- (v) industrial action, disputation or disruptions;
- (vi) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (vii) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- (viii) prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals;
- (ix) current exploration operations and future mine development of the tenements are subject to the Company's ability to obtain a wide range of permits, licenses, and approvals and there is no guarantee that such permits, licenses and approvals will be granted or will be granted in a timely matter;
- (x) advancement of the exploration operations to mine development can be a lengthy process taking a number of years where the Company's projects may be subject to new laws, regulations, and taxes which may have a material impact on the Company; and
- (xi) restriction of access to infrastructure by Russian, Chinese or Mongolian authorities.

(d) **Sovereign Risks**

The Company's interest in the Selenge Project is located in Mongolia. Accordingly, the Company is subject to the risks associated in operating in foreign countries. These risks include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government



participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company and its advisers will undertake all reasonable due diligence is assessing and managing the risks associated with mineral exploration and production in Mongolia. However, any future material adverse changes in government policies or legislation in foreign jurisdictions in which the Company has projects is outside the control of the Company. Such changes may affect the foreign ownership, exploration, development or activities of companies involved in mining exploration and production and in turn may affect the viability and profitability of the Company.

(e) **Joint Venture Parties, Contractors and Contractual Disputes**

The Company is a party to a joint venture agreement in respect of its Selenge Project in Mongolia. The Company is thereby reliant upon its joint venture participants complying with their obligations.

With respect to this issue, the Directors are unable to predict the risk of:

- (i) financial failure or default by a participant in any joint venture to which the Company may become a party; or
- (ii) insolvency or other managerial failure by any of the operators and contractors used by the Company in its exploration activities; or
- (iii) insolvency or other managerial failure by any of the other service providers used by the Company or its operators for any activity.

(f) **Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. The availability of equity funding is subject to market risk at the time and there is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, scale back its exploration programmes and may result in loss of tenure, as the case may be. The Offer terms have been set to give existing eligible Shareholders an opportunity to maintain (or potentially increase) their interests in the Company and thereby ensuring successful completion of the Offer.

(g) **Exploration Risks**

Exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there can be no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in

government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

(h) **Currency Risks**

Any revenue generated by the Company is expected to be in US\$ while its cost base would be expected to be in A\$, Mongolian National Tugrik (MNT) and US\$. Consequently the cross exchange rates for these currencies will have an impact on the Company's expected earnings in A\$.

The cross exchange rates are affected by numerous factors beyond the control of the Company.

These factors include Australia's, Mongolia's and the USA's economic conditions and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

### 7.3 Industry specific

(a) **Mining and exploration risks**

The primary business of the Company is exploration for, and commercial development of mineral ore bodies, which is subject to the risks inherent in these activities. Its operations are still in the exploration and evaluation phase. The current and future operations of the Company may be affected by a range of factors, including:

- (i) geological conditions;
- (ii) limitations on activities due to seasonal weather patterns;
- (iii) alterations to joint venture programs and budgets;
- (iv) unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities;
- (v) mechanical failure of operating plant and equipment;
- (vi) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vii) unavailability of drilling, mining, processing and other equipment;
- (viii) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;
- (ix) prevention of access by reason of political or civil unrest, outbreak of hostilities, inability to obtain regulatory or landowner consents or approvals;

- (x) terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes;
- (xi) delays in completing feasibility studies and obtaining development approvals; and
- (xii) risks of default or non-performance by third parties providing essential services.

No assurance can be given that future exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance. There is no assurance that exploration and development of the mineral interests held by the Company, or any other projects that may be acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited by the Company.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary titles and governmental and other regulatory approvals on a timely basis.

(b) **Resource estimations**

Resources estimates are expressions of judgement based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(c) **Environmental**

The Company's projects are or may be subject to various laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

(d) **Competition**

The Company competes with other companies, including major mineral exploration and mining companies. These companies will likely have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(e) **Operating risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its projects. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(f) **Weather condition risk**

Field operations including drilling may be delayed due to extreme weather conditions such as flooding, storms or cyclones.

(g) **Community risk**

Carrying out activities on site may affect the neighbouring communities and local authorities. This can be of particular concern where the Company is operating in heavily populated areas. In this situation the Company would plan to carry out community consultation to take into account these concerns. However, there is a risk that in some circumstances there could be higher than normal community concern which could result in a project being denied permission to proceed or having permission withdrawn or having conditions imposed on continuation of the activities which make it unacceptable to the Company to proceed with those activities.

#### 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) **Dividends**

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

(d) **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.

## 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 Shares offered under this Prospectus

Therefore, the Shares 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 Shares.

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

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## 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
28/01/2016	Quarterly Cashflow Report
28/01/2016	Quarterly Activities Report
29/10/2015	Quarterly Cashflow Report
29/10/2015	Quarterly Activities Report
11/09/2015	Half Year Financial Report
27/07/2015	Quarterly Cashflow Report
27/07/2015	Quarterly Activities Report
24/06/2015	Grant of Mining License
22/06/2015	Trading Halt
19/06/2015	Final Director's Interest Notice
19/06/2015	Director Resignation
19/06/2015	Initial Director's Interest Notice
15/06/2015	Director Appointment
10/06/2015	Expiry of Unlisted Options
3/06/2015	Final Director's Interest Notice
29/05/2015	Annual General Meeting Presentation
29/05/2015	Results of Annual General Meeting
29/04/2015	Expiry of Unlisted Options
29/04/2015	Quarterly Cashflow Report



Date	Description of Announcement
29/04/2015	Quarterly Activities Report
24/04/2015	Notice of Annual General Meeting/Proxy Form
31/03/2015	Update to the Annual Report 2014

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.haranga.com](http://www.haranga.com).

### 8.3 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:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) 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 Shares of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in Section 3.2.

#### **Remuneration**

The Constitution of the Company provide that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, where notice of the amount of the suggested increase and the maximum sum that may be paid shall have been given to shareholders in the notice convening the meeting. 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 \$500,000 per annum.

The remuneration of executive Directors is decided by the Board, without the affected executive Director participating in that decision-making process and may be paid by way of fixed salary or commission.

In the last two financial years (ending 31 December), \$816,593 (\$570,070 in 2014 and \$246,532 up to 31 October in 2015) has been paid by the Company by way of remuneration for services provided by the Directors, companies associated with the Directors or their associates in their capacity as directors, consultants or advisers. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

The table below sets out the remuneration provided to the current Directors of the Company and their associated companies during the last financial year prior to the date of this Prospectus and their current remuneration at the date of this Prospectus, inclusive of directors fees and consultancy fees.

Director	Financial year ended 31 December 2014	Financial year ended 31 December 2015	Current financial year ended 31 December 2016
Marshall Cooper	\$40,000	\$40,000	\$40,000
Erdene Tsengelbayar	\$136,070	\$63,191	Nil
Brian McMaster	\$80,000	\$60,000	\$60,000
Matthew Wood	\$170,000	\$60,000	\$60,000
Michael Riady	Nil	Nil	Nil
Jack James	Nil	Nil	Nil
Bat-Ochir Sukhbaatar	\$40,000	\$40,000	\$40,000

#### 8.4 Agreements with Directors and Related Parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

#### 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:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) 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:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

CPS Capital Group Pty Ltd has been appointed as the nominee under ASX Listing Rule 7.7. CPS Capital Group Pty Ltd will be paid for this service on standard industry terms and conditions.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin approximately \$15,000 (excluding GST and disbursements) for these services.

## 8.6 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly 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.

Golden Rain Holdings Limited has given its written consent to being named as partial underwriter to the Offer in this Prospectus, in the form and context in which it is named. Golden Rain Holdings Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

CPS Capital Group Pty Ltd has given and has not withdrawn its consent to be named as the Company's nominee under ASX Listing Rule 7.7. CPS Capital Group Pty Ltd has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

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.

## 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 \$25,211 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,320
ASX fees	5,921
Legal fees	15,000
Printing and distribution	1,970
<b>Total</b>	<b>25,211</b>

## 8.8 Electronic prospectus

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

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9200 4415 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.haranga.com](http://www.haranga.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 (CHESS) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS 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 Shares, 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 Shares, the Company may not be able to accept or process your application.

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**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.

**MARSHALL COOPER**  
Chairman  
For and on behalf of  
**HARANGA RESOURCES LIMITED**

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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 Shares pursuant to the Shortfall Offer.

**Application** means an application to subscribe for Shares under this Prospectus.

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

**Application Monies** means money submitted by Applicants in respect of Applications.

**ASIC** means the Australian Securities and Investments Commission.

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

**ASX Listing Rules** means the listing rules of the ASX.

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

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

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

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

**Company** means Haranga Resources Limited (ACN 141 128 841).

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

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

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

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

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

**Golden Rain** has the meaning set out in Section 3.5.

**New Shares** means Shares to be issued under the Offer.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Prospectus** means this prospectus.

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

**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 4.10 of this Prospectus.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

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