



PROSPECTUS

VICTORY MINES LIMITED

ACN 151 900 855

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 \$0.001 per Share (**Entitlement Issue Offer**) and an offer of any entitlements issue shortfall (**Shortfall Offer**) and an offer to sophisticated investors of Options exercisable at \$0.002 within 5 years from the date of issue at an issue price of \$0.0001 per Option (**Option Offer**) (the **Offers**).

The Offers will raise up to approximately \$1,496,500 (based on the total number of Shares on issue as at the date of this Prospectus and assuming no Options are exercised prior to the Record Date).

The Entitlement Issue Offer is fully underwritten by DJ Carmichael Pty Limited ABN 26 003 058 857.

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.

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1. DIRECTORS' LETTER

Dear Shareholders,

Entitlement Issue Offer

This Prospectus outlines the details of a pro-rata non-renounceable entitlement offer to Shareholders on the basis of one (1) Share for every one (1) Share held by those shareholders registered at the Record Date at an issue price of \$0.001 per Share to raise up to approximately \$1,479,000 (before costs). The Prospectus also outlines an offer of any entitlements issue shortfall at an issue price of \$0.001 per Share to Shareholders and an offer of Options exercisable at \$0.002 within 5 years from the date of issue at an issue price of \$0.0001 per Option.

Proceeds of the Offers (after costs) will be applied firstly to conduct the Company's previously announced drilling programs at its Husky and Malamute tenements in New South Wales, evaluation and exploration of the Company's portfolio of projects in WA and pursuit of potential acquisitions in the resources sector that have the capacity to add significant long term shareholder value. Funds raised will also be used to meet corporate costs and to supplement working capital. See section 7.1 for details of the intended use of proceeds raised from the Entitlement Issue Offer.

This Prospectus and your personalised Entitlement and Acceptance Form should be read carefully and in their entirety before deciding whether or not to participate in the Entitlement Issue Offer. In particular Eligible Shareholders should consider the key risk factors outlined in this Prospectus. Eligible Shareholders can, in addition to their Entitlement, also apply for Shortfall Shares regardless of the size of their present holding.

On behalf of your Board, I invite you to consider this investment opportunity.

Yours faithfully

Alec Pismiris
Director

2. CORPORATE DIRECTORY

Directors David Grant Sanders (Non-Executive Director) Rohan John Dalziell (Non-Executive Director) Alec Christopher Pismiris (Non-Executive Director) Matthew James Blake (Proposed Director)	Underwriter and Lead Manager DJ Carmichael Pty Limited Level 14, Parmelia House 191 St Georges Terrace Perth WA 6000
Company Secretary Dane Rees Etheridge	Solicitors Bennett + Co Ground Floor, BGC Centre 28 The Esplanade Perth WA 6000
Registered Office Ground Floor 16 Ord Street West Perth, WA, AUSTRALIA, 6005 Telephone + 61 (8) 9482 0500	Share Registry Automic Registry Services Level 2, 267 St Georges Terrace PERTH WA 6000 Telephone (within Australia) 1300 288 664 Phone (outside Australia) + 61 (2) 9698 5414
Email contact@victorymines.com Website www.victorymines.com ASX Code VIC	Auditor* Bentleys Audit & Corporate (WA) Pty Ltd Level 1, 12 Kings Park Road WEST PERTH WA 6005 Telephone + 61 (8) 9226 4500

* 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.

3. IMPORTANT NOTES

This Prospectus is dated 25 September 2019 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 Securities 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 given 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 investors should be aware of are set out in section 5 and a detailed overview of risk factors is set out in section 9 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 Securities 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.

3.2 Forward-looking statements

This Prospectus may contain 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 9 of this Prospectus.

3.3 Foreign Shareholders

The Entitlements Issue Offer to which this Prospectus relates is only available to Shareholders with registered addresses in Australia and New Zealand. This Prospectus does not constitute an invitation or offer to persons with registered addresses outside Australia and New Zealand.

3.4 Rounding

Fractional entitlements will be rounded up to the nearest whole number. All references to numbers of Securities to be issued pursuant to this Prospectus are expressed subject to rounding.

4. TIMETABLE

Lodgement of Prospectus with the ASIC	25 September 2019
Lodgement of Appendix 3B with ASX	25 September 2019
Notice sent to Optionholders	26 September 2019
Notice sent to Shareholders	27 September 2019
Ex date	30 September 2019
Record Date for determining Entitlements	1 October 2019
Prospectus sent out to Shareholders & Company announces this has been completed	4 October 2019
Last day Company can extend Closing Date	11 October 2019
Closing Date*	16 October 2019
Shares quoted on a deferred settlement basis*	17 October 2019
ASX notified of under subscriptions	21 October 2019
Issue date/Securities entered into Shareholders' security holdings*	23 October 2019

* 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 Shares are expected to commence trading on ASX may vary.

5. KEY INVESTMENT HIGHLIGHTS AND INVESTMENT RISKS

5.1 Key Investment Highlights

- The Company has finalised plans for its inaugural drilling program at the Malamute and Husky projects.
- The Company intends to undertake a site survey of its Peperill Hill tenement and its recently granted Galah Well tenement.
- Funds raised will also be used for the evaluation and exploration of the Company's other projects in WA and pursuit of potential acquisitions in the resources sector that have the capacity to add significant long-term shareholder value.
- The Offers will also provide funding to meet the Company's corporate costs and working capital requirements going forward.

5.2 Key Investment Risks

- No drilling has previously been undertaken on the Malamute and Husky projects. Exploration is speculative in nature and there is no guarantee that the drilling program will result in the discovery of any minerals, or if minerals are discovered, the discovery of minerals that could lead to an economic ore deposit.
- There is no assurance the Company will be able to find a joint venture partner to develop the Bonaparte project in which case the Company will need to fund further exploration in relation to that project if it wishes to retain the project.
- There is no assurance that the Company will be able to find a purchaser for its Laverton project in which case the Company will need to fund further exploration in relation to that project if it wishes to retain the project.
- No resource estimates have been released in relation to any of the Company projects and there can be no assurance that exploration of the projects will result in any resources being identified.

6. DETAILS OF THE OFFERS

6.1 The Entitlement Issue Offer

The Entitlement Issue Offer is being made as a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by Shareholders registered at the Record Date at an issue price of \$0.001 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 1,479,232,174 Shares will be issued pursuant to this Offer to raise up to approximately \$1,479,000.

As at the date of this Prospectus the Company has 672,118,681 Options on issue. Existing holders of Options must exercise their Options prior to the Record Date in order to participate in the Entitlement Issue Offer. Please refer to section 7.5 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 8 for further information regarding the rights and liabilities attaching to the Shares.

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

The purpose of the Offers and the intended use of funds raised are set out in section 7.1 of this Prospectus.

6.2 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Issue Offer will form part of the Shortfall Offer. Eligible Shareholders may apply for additional Shares under the Shortfall Offer.

The Directors reserve the right to determine the allocation of the Shortfall in consultation with the Underwriter. As such there is no guarantee that subscribers will receive any additional Shares applied for under the Shortfall. The Directors reserve the right to issue to an Applicant a lesser number of Shortfall Shares than the number for which the Applicant applies, or to reject an Application. In that event, Application Monies will be refunded by the Company (without interest) in accordance with the provisions of the Corporations Act.

6.3 Acceptance

Eligible Shareholders may participate in the Entitlement Issue Offer and the Shortfall Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form and attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
 - (ii) if paying by BPAY®, make a BPAY® payment in respect of your full Entitlement by following the instructions on the Entitlement and Acceptance Form (refer to section 6.5 for further details); or

- (b) if you wish to accept your **full** Entitlement and apply for additional Shares from the Shortfall:
 - (i) fill in the number of Shortfall Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form and attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency for the appropriate application monies (at \$0.001 per Share); or
 - (ii) if paying by BPAY®, make a BPAY® payment in respect of both your Entitlement and the additional number of Shortfall Shares that you wish to take up by following the instructions on the Entitlement and Acceptance Form (refer to section 6.5 for further details); or
- (c) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.001 per Share); or
 - (ii) if paying by BPAY®, make a BPAY® payment in respect of the portion of your Entitlement that you wish to take up by following the instructions on the Entitlement and Acceptance Form (refer to section 6.5 for further details); or
- (d) if you do not wish to accept your Entitlement, you are not obliged to do anything.

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

6.4 Payment by cheque/bank draft

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed “Not Negotiable” and made payable to “Victory Mines Ltd — Subscription Account” and lodged and received, at any time after the issue of this Prospectus and on or before 5:00pm (WST) on the Closing Date, at the Share Registry (by post) at:

By Post Victory Mines Ltd
 C/- Automic Registry Services
 Level 2, 267 St Georges Terrace
 PERTH WA 6000

6.5 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 3.00pm (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 will be refunded. No interest will be paid on any application monies received or refunded.

6.6 New Zealand Shareholders

In addition to the payment options set out above, New Zealand resident Shareholders can also pay by EFT. If you would like to pay by EFT please contact the Company by email at contact@victorymines.com for further details.

6.7 Minimum subscription

There is no minimum subscription.

6.8 Underwriting

DJC has agreed to fully underwrite the Entitlement Issue Offer. Further details in relation to the underwriting are set out in section 10.

6.9 Brokerage

No brokerage will be payable by Shareholders who take up their Entitlements or Shortfall.

6.10 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 three (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 Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

6.11 Issue of Shares

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

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.

Holding statements for Shares issued under the Entitlement Issue Offer and Shortfall Offer will be dispatched in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

6.12 Overseas shareholders

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders, the number and value of Securities 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 Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

6.13 The Option Offer

The Option Offer is being made to sophisticated investors. A total of 175,000,000 Options exercisable at \$0.002 within 5 years from the date of issue are being offered at an issue price of \$0.0001 per Option.

The issue of the Options is subject to Shareholder approval being obtained pursuant to ASX Listing Rule 7.1 at the Company's Annual General Meeting to be held in November 2019.

Please refer to Section 8 for further information regarding the terms of the Options.

6.14 Enquiries

Any questions concerning the Offer should be directed to Alec Pismiris, Director, on +61 402 212 532 or by email to contact@victorymines.com.

7. PURPOSE AND EFFECT OF THE OFFERS

7.1 Purpose of the Offer

The purpose of the Offers are to raise up to approximately \$1,496,500 (based on the total number of Shares on issue as at the date of this Prospectus and no Options are exercised prior to the Record Date).

The funds raised from the Offers (assuming full subscription) are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1	Exploration Programs	476,500	31.9
2	Expenses of the Offers ¹	210,204	14.0
3	Corporate costs, working capital and evaluation of project opportunities	809,796	54.1
	Total	1,496,500	100

Notes:

1. Refer to section 11.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

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. The Company's current cash resources and additional capital proposed to be raised by the Offers are sufficient to meet its current stated objectives.

7.2 Exploration Programs

The Company intends to undertake the previously announced drill program on the Company's Husky and Malamute tenements in New South Wales.

The drill program will involve air core drilling of approximately 2,000 metres on a number of locations across both tenements with between 40 and 50 holes proposed to be drilled. The objectives of the drilling program is to confirm the prospectivity of the tenements for laterite-hosted cobalt, scandium nickel and/or platinum group element mineralisation in the mafic/ultramafic source rock. The budget for the exploration program is approximately \$120,000 and it is intended for the program to start in October 2019.

Once the results of the drill program have been received further exploration programs will be planned based on those results.

The Company's geology consultant has been contracted to make a site visit to commence mapping and sampling of known priority target areas of the Company's recently issued Galah Well tenement and its Peperill Hill tenement in Western Australia. The site visit is scheduled to occur in late October or November 2019.

7.3 Effect of the Offers

The principal effect of the Offers, assuming full subscription and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by approximately \$1,286,296 (after deducting the estimated expenses of the Offers) immediately after completion of the Offers; and
- (b) increase the number of Shares on issue from 1,479,232,174 as at the date of this Prospectus to 2,958,464,438 Shares and Options on issue from 672,118,681 as at the date of this Prospectus to 847,118,681 Options (assuming no Options are exercised prior to the Record Date).

7.4 Pro-forma statement of financial position

The audited statement of financial position as at 30 June 2019 and the pro forma statement of financial position as at 30 June 2019 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 the Offers are fully subscribed, no Options are exercised prior to the Record Date and includes expenses of the Offers. It 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 financial statements.

	AUDITED 30-Jun-19	PRO-FORMA 30-Jun-19
CURRENT ASSETS		
Cash and cash equivalents ¹	128,982	1,524,536
Trade and other receivables	42,227	42,227
Other assets	41,476	41,476
TOTAL CURRENT ASSETS	212,685	1,608,239
NON-CURRENT ASSETS		
Property, plant and equipment	5,770	5,770
Exploration and evaluation assets	155,517	155,517
TOTAL NON-CURRENT ASSETS	161,287	161,287
TOTAL ASSETS	373,972	1,769,526
CURRENT LIABILITIES		
Trade and other payables	246,497	246,497
TOTAL CURRENT LIABILITIES	246,947	246,947

	AUDITED 30-Jun-19	PRO-FORMA 30-Jun-19
NON-CURRENT LIABILITIES		
TOTAL NON-CURRENT LIABILITIES	0	0
TOTAL LIABILITIES	246,947	246,947
NET ASSETS	127,475	1,523,029
EQUITY		
Contributed equity ²	20,645,786	22,023,840
Reserves ³	9,553,897	9,571,397
Accumulated losses	(30,072,208)	(30,072,208)
TOTAL EQUITY	127,475	1,523,029

¹ Includes completed Share placement of \$116,000 and assumes Entitlements Issue proceeds of \$1,479,232 and Options Offer proceeds of \$17,500, less estimated expenses being \$217,178.

² Entitlement Issue of 1,479,232,174 Shares, placement of 116,000,000 Shares, all at \$0.001, less issue costs of \$217,178.

³ Assumes 175,000,000 Options Issued for \$0.0001 each, exercisable at \$0.002 expiring five years from issue.

7.5 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Entitlements are accepted or any Shortfall is fully subscribed and no Options are exercised prior to the Record Date.

Ordinary Shares

	Number
Shares currently on issue	1,479,232,174
Shares offered pursuant to Entitlement Issue Offer	1,479,232,174
Total Shares on issue after completion of the Offers	2,958,464,348

Options

	Number
Unlisted Options exercisable at \$0.05 each on or before 25 November 2019 on issue	600,000
Unlisted Options exercisable at \$0.05 each on or before 27 November 2020 on issue	1,100,000
Listed Options exercisable at \$0.02 each on or before 28 December 2020	603,752,013
Unlisted Options offered exercisable at \$0.003 each on or before 31 May 2022	66,666,667
Options offered pursuant to Option Offer	175,000,000
Total Options on issue upon completion of the Offers	847,118,680

Performance Shares

	Number
Performance Shares expiring 15 January 2021	142,857,143

Each Performance Share will automatically convert into one Share with one Option exercisable at \$0.02 on or before 28 December 2020 being issued for every two Shares issued upon the announcement to ASX by the Company that one 4 metre intersection with an average grade of 300ppm scandium or 600ppm cobalt has been achieved from a drilling program on the Company's Husky or Malamute tenements on or before 15 January 2021.

7.6 Effect on Control

Based on information lodged pursuant to the Corporations Act the Company does not have any substantial shareholders. Accordingly, based on the Company's shareholdings as at the date of this Prospectus, the participation by existing Shareholders in the Offers will not have any effect on control of the Company.

The Underwriter currently has Voting Power of 3.92% in the Company. The maximum total Voting Power in the Company that the Underwriter could obtain pursuant to the Underwriting Agreement in the event that no Shareholder subscribes for any Shares pursuant to the Entitlement Issue Offer will be 51.96%. The Underwriter has, however, entered into sub-underwriting arrangements, pursuant to which no sub-underwriter is able to subscribe for Shares which will increase its Voting Power to more than 19.9%.

8. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

8.1 Shares

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

General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

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:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one (1) vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one (1) vote for each Share held.

Dividend rights

Subject to the rights of persons (if any) holding any shares with special rights to dividend, the Directors may declare a final dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such a dividend.

The Directors may from time to time authorise the payment or crediting by the Company to the Shareholders of such interim dividends as appear to the Directors to be justified. The Directors may, before declaring any dividend, set aside any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the Company's profits may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Directors may in their absolute discretion establish on such terms and conditions as they think fit:

- (a) plans (to be called a "dividend reinvestment plan" or an "interest reinvestment plan" as the case may be) for cash dividends paid by the Company in respect of shares issued by the Company and interest paid by the Company on unsecured notes or debenture stock issued by the Company to be reinvested by way of subscription for shares in the Company; and

- (b) a plan (to be called a “dividend election plan”) permitting holders of shares to the extent that his shares are fully paid up, to have the option to elect to forego his right to share in any dividends (whether interim or otherwise) payable in respect of such shares and to receive instead an issue of shares credited as fully paid up to the extent as determined by the Directors.

Winding-up

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders in kind the whole or any part of the Company’s property, 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.

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.

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.

Future increase in capital

The issue of any new Shares is under the Directors’ control. 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 think fit.

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 special resolution passed at a separate meeting of the holders of the shares of that class.

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 a general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

8.2 Options

The terms and conditions of the Options offered pursuant to this Prospectus are set out below.

Entitlement

Each Option entitles the holder to subscribe (in cash) for one (1) Share upon exercise of the Option.

Exercise Price

The amount payable upon exercise of each Option will be \$0.002 (**Exercise Price**).

Expiry Date

Each Option will expire at 5:00 pm (WST) five (5) years after their issue date (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

Exercise Period

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

Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company Secretary 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.

The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be issued; which number of Options must be a multiple of 10,000 if only part of the Optionholder's total Options are exercised, or if the total number of Options held by an Optionholder is less than 10,000 then the total of all Options held by that Optionholder must be exercised.

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**).

Issue and quotation of Shares on exercise

Within 14 days after the Exercise Date, the Company will allot and 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.

Within 3 Business Days from the date of issue of Shares pursuant to the exercise of an Option, the Company will apply to the ASX for, and use its best endeavours to obtain, official quotation on ASX of all such Shares, in accordance with the Corporations Act and the ASX Listing Rules.

Where there shall be any inconsistency between the timetable outlined regarding the expiry of the Options and the timetable outlined in the ASX Listing Rules, the timetable outlined in the ASX Listing Rules shall apply.

Shares issued on exercise

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

Quotation of Shares issued on exercise

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

Reconstruction of capital

If at any time the issued capital of the Company is reorganised or 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 reorganisation or reconstruction.

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.

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.

Transferability

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

9. RISK FACTORS

9.1 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.

9.2 Investment Specific Risks

(a) Stock market fluctuations and economic conditions

The Shares to be issued under this Prospectus will be quoted on the ASX. The price of Shares may rise or fall and there is no guarantee in respect of profitability, dividends, return of capital, or the price at which the Shares may trade on the ASX.

The value of the Shares will be determined by the stock market and will be subject to a range of factors beyond the control of the Company, and the Directors and officers of the Company. Such factors include, but are not limited to:

- (a) the demand for and availability of Shares;
- (b) movements in domestic interest rates;
- (c) exchange rates;
- (d) general and domestic economic activity; and
- (e) fluctuations in the Australian and international stock markets.

Returns from an investment from the Shares may also depend on general stock market conditions as well as the performance of the Company. There can be no guarantee that there will be an active market in the Shares.

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals which underpin the projected growth of the Company's target markets or its cost structure and profitability. Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending and employment rates, amongst others, are out of the control of the Company and may result in material adverse impacts on the business or its operating results.

(b) Dilution risk

Upon completion of the Offers (assuming the Entitlement Issue Offer or the Shortfall Offer are fully subscribed and no Options are exercised prior to the Record Date) the number of Shares in the Company will increase from 1,479,232,174 currently on issue to 2,958,464,348 and current Shareholders that do not participate in the Offer would have their holdings diluted by approximately 50%. In the event any Options are exercised (including Options issued pursuant to this Prospectus) or any Performance Shares convert current Shareholders will be further diluted.

(c) Liquidity of Shares

There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in a market price being received which is less than the price that Shareholders paid to acquire their Shares.

(d) Taxation

The acquisition and disposal of Securities 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 subscribing for Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

9.3 Company Specific Risks

(a) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the success of the Company's exploration programs and the Company's ability to generate funds from disposal of non-core projects, the Company expects that it will require further financing in addition to amounts raised under the Offer. 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. 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.

(b) Exploration success

The future profitability of the Company and the value of its Securities are directly related to the results of exploration. The exploration tenements held by the Company 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 these tenements, or any other tenements that may be acquired in the future, will result in discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The Company's future exploration activities may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the Company's control.

The Company's success will also depend upon the Company having access to sufficient development capital including from prospective joint venture partners, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful, this could lead to diminution in the value of the Company's tenements, a reduction in the cash reserves of the Company and possible relinquishment of tenements.

The Company's exploration costs 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 be materially different to 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.

(c) Asset joint ventures or divestment

The Company is looking for opportunities to form a joint venture to develop its Bonaparte project and buyers to divest its Laverton project. There is no assurance the Company will be able to find a joint venture partner to develop the Bonaparte project or a purchaser to acquire the Laverton project in which case the Company will need to fund further exploration in relation to these projects if it wishes to retain the projects.

(d) Bolivian project risk

The Company's Bolivian tin project has no value ascribed to it in the Company's financial statements, in circumstances where the Company does not hold any tenements or equivalent mineral rights in Bolivia in relation to the project. Whilst the Company has significant exploration data in relation to the Bolivian tin project which the Company believes will be of value to any party who wishes to develop the project, there is no guarantee that the Company will be able to find a third party who is interested in either purchasing the Company's data or entering into some other form of commercial arrangement to enable the Company to receive any economic return in relation to the project.

(e) Resource estimates

No resource estimates have been released in relation to any of the Company's projects. Any resource estimates that may be released in the future will be expressions of judgement based on knowledge, experience and industry practice. Estimates which are valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretation, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change.

(f) Commodity price volatility

If the Company achieves exploration success leading to mineral production, the Company's financial performance will be sensitive to the relevant commodity price. Commodity prices are affected by numerous factors and events that are beyond the Company's control. These factors and events include general economic activity, world demand, forward selling activity, cost of production and other matters such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar) as well as general global economic conditions and political trends.

If the relevant commodity price should fall below or remain below the Company's costs of production for any sustained period due to these or other factors and events, the Company's exploration and production could be delayed or even abandoned. A delay in exploration or production or the abandonment of one or more of the Company's projects may require the Company to write-down the value of the projects and may have a material adverse effect on the Company's production, earnings and financial position.

(g) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the Company's strategic management depends substantially on its key personnel, which is currently restricted to the Directors who are all non-executive Directors and the Company Secretary. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these officers resign from their office.

9.4 Industry Specific Risks

(a) Environmental

The Company's operations and proposed activities in Australia 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 will 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 programs or mining activities.

(b) Australian tenure risks and native title

Interest in tenements in Australia is governed by the respective state legislation and is 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 tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(c) Safety legislation

Current and future mines are subject to a range of safety legislation which may change in a manner that may include requirements in addition to those now in effect, and a heightened degree of responsibility for companies and their directors and employees.

(d) Industry and commodity cycles

The demand for, and price of, metals is highly dependent on a variety of factors, including international supply and demand, actions taken by governments, and global economic and political developments. Adverse changes in market sentiment or conditions could lead to a reduction in the value of the Company's assets that are outside of the Company's control.

9.5 General Risks

(a) Investment risks

As with any stock market investment, there are various risks associated with investing in the Company, specifically because of the nature of the Company's exploration business. Potential investors should consider whether the Securities offered under this Prospectus are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out in this section. Many of these risk factors are outside the Directors' control. Whilst some common risk factors are set out in this section, it is not possible to produce an exhaustive list.

(b) Adverse changes to government policy and taxation

Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies, may have an adverse effect on the assets, operations and ultimately the Company's financial performance. These factors may ultimately affect the Company's financial performance and the value of the Securities.

(c) Insurance risks

The Company's operations are insured 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 not fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration is not always available and where available the costs can be prohibitive.

(d) Claims, liability and litigation

Although the Company is not currently involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company, the risk of litigation remains a general risk to the Company. The Company may incur costs in making payments to settle any such claims which may not be adequately covered by insurance or at all. Such payment may have an adverse impact on the Company's financial position.

(e) Competition risk

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the value of the Company's projects.

9.6 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 investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities under this Prospectus.

10. MATERIAL CONTRACTS

10.1 Corporate and Financial Advisory Services Mandate

The Company has entered into a Corporate and Financial Advisory Services Mandate with DJ Carmichael Pty Limited dated 28 August 2019 to lead manage the Share placement completed by the Company on 30 August 2019 and fully underwrite the Entitlement Issue Offer as well as to provide general ongoing advice and services.

In consideration of its services DJ Carmichael Pty Limited will receive a fee of 6% plus GST of the gross amount received via the Share placement, the Entitlements Issue Offer and the Option Offer as well as a cash fee of \$60,000 plus GST payable on successful completion of the Entitlements Issue Offer.

DJ Carmichael Pty Limited will be entitled to be reimbursed for reasonable expenses incurred in undertaking its role but DJ Carmichael Pty Limited must not incur expenses above \$2,000 without the written consent of the Company.

DJ Carmichael Pty Limited may terminate the mandate on 5 Business Days' notice and the Company may terminate the mandate on 10 Business Days' notice.

10.2 Underwriting Agreement

Pursuant to an Underwriting Agreement between the Company and DJ Carmichael Pty Limited dated 30 August 2019 DJ Carmichael Pty Limited has agreed to fully underwrite the Entitlement Issue Offer being 1,479,232,174 Shares.

The material terms of the Underwriting Agreement are as follows:

- (a) the Company has agreed to pay a fee of 6% (plus GST) of the underwritten amount to DJ Carmichael Pty Limited;
- (b) DJ Carmichael Pty Limited may appoint sub-underwriters to sub-underwrite the Entitlement Issue Offer in its absolute discretion;
- (c) all fees and commissions due to sub-underwriters are payable by DJ Carmichael Pty Limited;
- (d) DJ Carmichael Pty Limited has the right to nominate and determine who is to receive any Shortfall Shares;
- (e) DJ Carmichael Pty Limited will ensure that no person will acquire through participation in sub-underwriting the Entitlement Issue Offer a holding of Shares in excess of 19.9% of all the Shares on issue on completion of the Entitlement Issue Offer; and
- (f) the Company has agreed to a moratorium restricting the Company from doing certain things without the prior written consent of DJ Carmichael Pty Limited, such as altering its share capital other than as disclosed in the Prospectus or disposing of, or agreeing to dispose of, a substantial part of its business. The moratorium is for six months after the date of the Underwriting Agreement.

The Underwriting Agreement contains a number of indemnities, representations and warranties from the Company to DJ Carmichael Pty Limited that are considered standard for an agreement of this nature.

The obligation of DJ Carmichael Pty Limited to underwrite the Entitlement Issue Offer is subject to the following events of termination pursuant to which DJ Carmichael Pty Limited may terminate its obligations under the Underwriting Agreement. Certain of the events of termination are:

- (a) **(Indices fall)**: the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 10% or more below its level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- (b) **(Supplementary prospectus)**:
 - (i) DJ Carmichael Pty Limited, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph (g)(v) below, forms the view on reasonable grounds that a supplementary prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary prospectus in such form and content and within such time as DJ Carmichael Pty Limited may reasonably require; or
 - (ii) the Company lodges a supplementary prospectus without the written agreement of DJ Carmichael Pty Limited;
- (c) **(Non-compliance with disclosure requirements)**: the Prospectus does not contain all the information required by the Corporations Act;
- (d) **(Misleading Prospectus)**: there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (e) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus and that application has not been dismissed or withdrawn before the shortfall notice deadline date;
- (f) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act;
- (g) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a material adverse effect;
- (h) **(Restriction on allotment)**: the Company is prevented from issuing the Underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any law or order of a court of competent jurisdiction, by ASIC, ASX or any governmental agency or authority;

- (i) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, North Korea, the United States of America, India, the People's Republic of China, Israel or any member of the European Union or a terrorist act is perpetrated on any of those countries or any diplomatic military commercial or political establishment of any of those countries anywhere in the world;
- (j) **(Withdrawal of consent to Prospectus)**: any person (other than DJ Carmichael Pty Limited) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (k) **(No official quotation)**: ASX notifies the Company or any other person that official quotation will not be or has not been granted for all of the Shares by the shortfall notice deadline date or, having been granted, is subsequently withdrawn, withheld or qualified;
- (l) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to DJ Carmichael Pty Limited acting reasonably;
- (m) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence;
- (n) **(Termination Events)**: subject always to the relevant event having a material adverse effect or giving rise to a liability for DJ Carmichael Pty Limited under the Underwriting Agreement:
 - (i) **(Default)**: default or breach by the Company of any terms, condition, covenant or undertaking under the Underwriting Agreement;
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
 - (iii) **(Contravention of constitution or Act)**: a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Adverse change)**: an event occurs which gives rise to a likely material adverse effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of a Relevant Company;
 - (v) **(Error in due diligence results)**: it transpires that any of the due diligence results or any part of the verification material was misleading or deceptive, materially false or that there was a material omission from them;
 - (vi) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;

- (vii) **(Public statements)**: without the prior approval of DJ Carmichael Pty Limited a public statement is made by the Company in relation to the Entitlement Issue Offer or the Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the ASX Listing Rules and/or the Corporations Act;
- (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to DJ Carmichael Pty Limited in respect of any aspect of the Entitlement Issue Offer or the affairs of a Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified)**: the official quotation if the Underwritten Shares is qualified or conditional;
- (x) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs, other than as disclosed in the Prospectus;
- (xii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xiii) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (xiv) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$25,000.00 is obtained against a Relevant Company and is not set aside or satisfied within seven (7) days;
- (xv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company except as disclosed in the Prospectus;
- (xvi) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Shares without the prior written consent of DJ Carmichael Pty Limited;
- (xvii) **(Timetable)**: there is a delay in any specified date in the timetable set out in the Underwriting Agreement which is greater than three (3) business days;
- (xviii) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of DJ Carmichael Pty Limited;

- (xix) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus excluding the issue of any Shares upon exercise of options, such options having been disclosed to the ASX as at the date of the Underwriting Agreement;
- (xx) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, North Korea, the United States of America, India, the People's Republic of China, Israel or any member of the European Union or other international financial markets; or
- (xxi) **(Suspension)**: the Company is removed from the official list or the Shares become suspended from Official Quotation without the prior consent of DJ Carmichael Pty Limited and that suspension is not lifted within 24 hours following such suspension.

DJ Carmichael Pty Limited may not exercise its rights in respect of the termination events described in paragraph (n) above unless, in the reasonable opinion of DJ Carmichael Pty Limited reached in good faith, it has or is likely to have, or those events together have, or could reasonably be expected to have, a material adverse effect or could give rise to a liability of DJ Carmichael Pty Limited under the Corporations Act.

11. ADDITIONAL INFORMATION

11.1 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.

11.2 Continuous disclosure obligations and documents available for inspection

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 three (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; and

- (ii) 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. Copies of all documents released to ASX are also available on the ASX website at www.asx.com.au and the Company's website at www.victorymines.com.au.

11.3 Documents incorporated in Prospectus

Pursuant to section 712 of the Corporations Act the Company's Annual Financial Report for the year ended 30 June 2019 which was released to ASX and lodged with ASIC on 25 September 2019 is incorporated in this Prospectus. A copy can be obtained free of charge from the ASX website at www.asx.com.au or from the Company's website at www.victorymines.com.au or by emailing the Company at contact@victorymines.com during the application period for the Prospectus.

If potential applicants require any further information in relation to the Company or the Offers the Directors recommend they take advantage of the ability to obtain a copy of the Annual Financial Report.

11.4 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 closing sale prices of the Shares on ASX during the 3 month period preceding the date of this Prospectus and the respective dates of those sales were:

Highest	\$0.002	26/6/2019, 27/6/2019, 1/7/2019, 3-5/7/2019, 17/7/2019, 26/7/2019, 29-31/7/2019, 5/8/2019
Lowest	\$0.001	24-25/7/2019, 2/8/2019, 6-7/8/2019, 12-13/8/2019, 15-16/8/2019, 19-23/8/2019, 26-30/8/2019, 4-6/9/2019, 9-13/9/2019, 23/9/2019
Last	\$0.0015	24/09/2019

11.5 Interests of Directors and proposed Director

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the two (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:
 - (a) its formation or promotion; or
 - (b) 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:

(a) the formation or promotion of the Company; or

(b) the Offer.

Security holdings

The relevant interest of each of the Directors and the proposed Director in the securities of the Company as at the date of this Prospectus, both direct and indirect is set out in the table below.

Director	Shares	Options	Performance Shares
David Sanders	8,666,667	NIL	NIL
Rohan Dalziell	NIL	NIL	2,100,000 ¹
Alec Pismiris	10,000,000	NIL	NIL
Matthew Blake	NIL	NIL	NIL

¹ Each Performance Share will automatically convert into one Share with one Option exercisable at \$0.02 on or before 28 December 2020 being issued for every two Shares issued upon the announcement to ASX by the Company that one 4 metre intersection with an average grade of 300ppm scandium or 600ppm cobalt has been achieved from a drilling program on the Company's Husky or Malamute tenements on or before 15 January 2021.

Matthew Blake is also a director of DJ Carmichael Pty Limited and Carmichael Prospecting Company Pty Limited and has an indirect interest in shares in each of those companies. The interests of DJ Carmichael Pty Limited and Carmichael Prospecting Company Pty Limited are set out in section 11.6.

Rights under Heads of Agreement

Highwest Capital Pty Ltd, a company related to Rohan Dalziell, was formerly a shareholder of Cobalt Prospecting Pty Ltd which company was sold to the Company pursuant to a Heads of Agreement entered into on or about 13 November 2017 as amended by a First Amendment Letter dated 26 November 2017 and a Deed of Amendment on 17 January 2018.

Pursuant to the Heads of Agreement (as amended) Highwest Capital Pty Ltd received 5,460,000 Shares and 2,835,000 Options and 2,100,000 Performance Shares. Highwest Capital Pty Ltd is also entitled to 2.44% of a 2% net smelter return royalty (ie a 0.0488% net smelter return royalty) with respect to all minerals produced and sold from the area of the tenements comprising the Company's Peperill Hill, Galah Wells, Husky and Malamute projects.

Remuneration

Each of the Directors are non-executive directors and are currently entitled to annual directors' fees of \$36,000.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as options and performance rights, 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 and other expenses incurred by them in or about the performance of their duties as Directors.

11.6 Interests of experts, advisers and underwriter

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; or
- (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 two (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:
 - (a) its formation or promotion; or
 - (b) 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.

As set out in section 10, DJ Carmichael Pty Limited has agreed to act as lead manager and to fully underwrite the Entitlement Issue Offer. The maximum fees payable to DJ Carmichael Pty Limited in relation to the Offers is \$149,790 plus GST. DJ Carmichael Pty Limited also received a fee of \$6,974 plus GST in relation to the placement completed in August 2019.

DJ Carmichael Pty Limited owns 50% of the shares in Carmichael Prospecting Company Pty Limited. The Company has entered into an option agreement with Carmichael Prospecting Company Pty Limited pursuant to which the Company has paid a non-refundable option fee of \$10,000 plus GST and in the event that the Company exercises the option Carmichael Prospecting Company Pty Limited or its nominee will be entitled to be issued 75,000,000 Shares subject to Shareholder approval.

Bennett + Co has acted as the solicitors to the Company in relation to the Offer. Bennett + Co has assisted the Company in relation to preparation of the Prospectus and the due diligence process undertaken with respect to the Prospectus. The Company estimates it will pay Bennett + Co approximately \$25,000 (plus GST and disbursements) for these services.

Automatic Registry Services will assist the Company in the administration of the Offers. The Company will pay Automatic Registry Services approximately \$4,500 (plus GST and disbursements) for these services.

11.7 Consents

DJC has given its written consent to being named as the underwriter in relation to the Entitlement Issue Offer in this Prospectus. DJC has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Bennett + Co has given its written consent to being named as the solicitors to the Company in this Prospectus. Bennett + Co has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Automatic Registry Services has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named.

Each of Bennett + Co and Automatic Registry Services:

- (a) do 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.

11.8 Expenses of the Offers

In the event that all Entitlements are accepted, the total expenses of the Entitlement Issue Offer are estimated to be approximately \$210,204 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
Underwriting and Lead Manager Fees	\$149,790
ASIC fees	\$3,206
ASX fees	\$7,208
Legal fees	\$25,000
Printing, distribution and share registry fees	\$25,000
Total	<u>\$210,204</u>

11.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus. If you have not, please phone the Company on +61 (8) 9215 6005 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.victorymines.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.

11.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable foundation 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.

11.11 CHESS and Issuer Sponsorship

The Company will not be issuing share or option 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 Securities 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.

11.12 Privacy Act

If you complete an Application for Securities, you will be providing personal information to the Company (directly or by the 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 Share Registry.

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

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

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.

12. GLOSSARY

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

Applicant means a Shareholder who applies for Shares pursuant to the Entitlement Issue Offer, a Shareholder or other party who applies for Shares pursuant to the Shortfall Offer or a sophisticated investor who applies for Options pursuant to the Options Offer.

Application means an application to subscribe for Securities under this Prospectus.

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 CHES.

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.

CHES means the Clearing House Electronic Sub-Register System operated by ASX Settlement Pty Ltd.

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

Cobalt Prospecting means Cobalt Prospecting Pty Ltd ACN 619 281 435, a wholly owned subsidiary of the Company.

Company means Victory Mines Limited ACN 151 900 855.

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.

EFT means electronic funds transfer.

Eligible Shareholder means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

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

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Prospectus.

Entitlement Issue Offer means the offer of Shares to Shareholders pursuant to this Prospectus.

Heads of Agreement means the Binding Heads of Agreement dated on or about 13 November 2017 between the Company and the former shareholders of Cobalt Prospecting as amended.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Offers means the Entitlement Issue Offer, the Shortfall Offer and the Option Offer.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Option Offer means the offer of Options to sophisticated investors pursuant to this Prospectus.

Optionholder means a holder of an Option.

Performance Shares means performance shares in the Company that will automatically convert into Shares and Options in the event of the satisfaction of a performance milestone as detailed in section 7.5.

Prospectus means this prospectus.

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

Relevant Company means the Company and each subsidiary of the Company.

Securities means Shares and Options offered pursuant to this Prospectus.

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

Shareholder means a holder of a Share.

Share Registry means the share registry of the Company as noted in section 2 of this Prospectus.

Shortfall means the Securities not applied for under the Entitlement Issue Offer (if any).

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in section 6.2 of this Prospectus.

Shortfall Shares means those Shares not issued pursuant to the Entitlement Issue Offer.

Underwriter means DJ Carmichael Pty Limited ABN 26 003 058 857.

Voting Power has the meaning ascribed to it in the Corporations Act.

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