

# High Grade Metals Limited

[ACN 062 879 583]

("the Company")

## RIGHTS ISSUE PROSPECTUS

A non-renounceable pro-rata rights issue of 1 new share (**New Share**) for every 4 shares held at the Record Date at an issue price of \$0.005 (0.5 cents) per New Share, to raise approximately \$565,000 before costs of the issue (**Rights Issue**).

The Rights Issue closes at 5:00pm (Melbourne time) on 12 August 2020 (which date may change without notice).

### **THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY**

It is important that you read this Prospectus carefully before deciding to accept the Rights Issue described in this Prospectus. If you do not understand its contents you should consult your stockbroker, accountant or other professional adviser.

**The securities offered under this Prospectus are considered speculative**

**CORPORATE DIRECTORY**

High Grade Metals Limited  
[ACN 062 879 583]

**Directors**

Anthony Hall – Executive Chairman  
Bradley Drabsch – Executive Director  
Dennis Morton – Non-Executive Director  
Steven Formica – Non-Executive Director  
Adrien Wing – Non-Executive Director

**Company Secretary**

Adrien Wing

**Registered Office**

Level 2, 480 Collins Street  
Melbourne VIC 3000

Telephone: +61 3 9614 0600

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**Share Registry and Address for Return of Acceptances**

Advanced Share Registry Services  
PO Box 1156  
Nedlands WA 6909

**ASX Code**

HGM

**Web Site**

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

To view annual reports, shareholder and company information, news announcements, background information on the Company's business and historical information, visit [www.asx.com.au](http://www.asx.com.au) and search code "HGM".

## IMPORTANT NOTICES

This prospectus (**Prospectus**) is dated 24 July 2020. A copy of this Prospectus was lodged with the Australian Securities & Investments Commission (**ASIC**) on the same date. Neither ASIC nor ASX Limited (**ASX**) nor their respective officers take any responsibility as to the contents of this Prospectus.

Subject to the Corporations Act, the ASX Listing Rules and other applicable laws, the Company reserves the right to close the Rights Issue early, to extend the Closing Date and/or any other dates (by making an announcement of the extension to ASX), or not to proceed with the Rights Issue described in this Prospectus.

**The Rights Issue offer being made under this Prospectus closes at 5:00pm (Melbourne time) on 12 August 2020, which date may change without notice.**

This Prospectus is for an offer of continuously quoted securities and accordingly is not required by the Corporations Act to contain all the information normally required to be set out in a document of this type.

This Prospectus contains and applies to the offer of New Shares under the Rights Issue including any offer of New Shares from the Shortfall during the three (3) months after the Closing Date.

This Prospectus incorporates by reference certain information contained in documents lodged with ASIC. A document incorporated by reference in this Prospectus in this manner may be obtained free of charge from the Company during the application period.

No person is authorised to give any information or make any representation in connection with this Prospectus that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Rights Issue offer of New Shares.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Persons resident in countries outside Australia and New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether formalities need to be observed to enable them to acquire New Shares and observe such restrictions and requirements. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Return of a duly completed Personalised Application Form will be taken by the Company to constitute a representation that there has been no breach of such requirements.

No action has been taken to register or qualify the Rights Issue or the New Shares, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia. The New Shares have not been, and will not be, registered under the United States Securities Act of 1933 and should not be offered or sold within the USA.

No account has been taken of particular objectives, financial situation or needs of recipients of this Prospectus. Recipients of this Prospectus should have regard to their own objectives, financial situation and needs. Recipients of this Prospectus should make their own independent investigation and assessment of the Company, its business, assets and liabilities, prospects and profits and losses, and risks associated with investing. Independent expert advice should be sought before any decision is made to apply for New Shares.

All monetary amounts in this Prospectus are in Australian dollars unless otherwise stated.

All dates and times are dates and times in Melbourne, Victoria, Australia unless otherwise stated.

The securities offered under this Prospectus are considered highly speculative.

## TIMETABLE

Lodgement of Prospectus	24 July 2020
“Ex” date (existing shares quoted on an ex rights basis)	28 July 2020
Record date to identify shareholders entitled to participate in the Rights Issue ( <b>Record Date</b> ) at 7:00pm (Melbourne time)	29 July 2020
Prospectus dispatched to holders eligible to participate in the Rights Issue	3 August 2020
Closing date at 5:00pm (Melbourne time)	12 August 2020
Announcement of results to ASX	17 August 2020
Proposed issue date	19 August 2020

*The above dates should be regarded as **indicative only and may change without notice**. All dates and times are Melbourne, Victoria, Australia time. Subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws, the Company reserves the right to change the above dates, close the Rights Issue before the date stated above, extend the Closing Date and subsequent dates or not proceed with the Rights Issue. The Company reserves the right to extend the Closing Date by making an announcement of the extension to ASX.*

*No securities will be issued on the basis of this Prospectus after 24 August 2021, being the expiry date of this Prospectus.*

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## KEY INVESTMENT RISKS – SUMMARY

Please read and consider this Prospectus in full and in conjunction with any matters which have or may be referred to in the Company's ASX announcements before applying for New Shares under the Rights Issue.

Section 5 of this Prospectus contains an overview of some of the key risks associated with investment in the Company, including risks associated with the Rights Issue as set out below:

- Value of securities and share market conditions, including effects and potential effects of the current COVID-19 pandemic.
- Liquidity risks.
- The acquisition of New Shares may have taxation consequences.
- Shareholders who do not take up their full entitlement to New Shares will be diluted.

Section 5 also includes specific risks of the Company, a selection of which are set out below:

### *Business risks*

- Transaction risks, including additional risks that the Company may be subject to completing the proposed acquisition announced on 7 July 2020;
- Risks associated with the requirements for future capital, including access to such capital and the consequences to the Company's operations if such capital cannot be obtained;
- Risks associated with reliance on key management personnel.

### *Risks associated with operations in Austria*

- Government and political risks including regulatory risks;
- Risks associated with permits and access;
- Risks in respect of the Company being in the early stages of exploration;
- Risks in respect of historical Austrian results; and

In addition, there are risks of a more general nature, such as economic and market conditions.

A more detailed overview of some of the key risks associated with the Company and its operations are set out in section 5 of this Prospectus.

### ABOUT THE OFFER - SUMMARY

The following summary provides only a limited overview of the Rights Issue being made by the Company. Further detail is set out in this Prospectus. Please read and consider this Prospectus in full before making any decision regarding applying for New Shares, exercising existing options or warrants or investing in the Company.

Topic	Summary	For more information see:
What is the Rights Issue offer?	The offer (called the <b>Rights Issue</b> ) is a pro-rata non-renounceable offer of ordinary fully paid New Shares made to Eligible Shareholders. Under the Offer, Eligible Shareholders will be offered the opportunity to subscribe for one (1) New Share for every four (4) existing shares held at the Record Date.	Section 1.1
What is the issue price?	Each New Share has an issue price of \$0.005 (0.5 cents).	Section 1.1
What are the terms of the New Shares?	All New Shares issued will be fully paid ordinary shares that rank equally in all respects with the Company's shares already on issue.	Sections 1.1 and 9
Am I an Eligible Shareholder?	Eligible Shareholders are shareholders of the Company registered in the Company's share register at 7:00pm (Melbourne time) on the Record Date whose address in the Company's share register is in Australia or New Zealand ( <b>Eligible Shareholders</b> ).	Section 1.1
Record Date	The Record Date is 7:00pm on 29 July 2020.	Section 1.1
What if I am not an eligible shareholder?	<p>The Company has decided it is unreasonable to make the Rights Issue offer outside Australia and New Zealand having regard for:</p> <ul style="list-style-type: none"> <li>• the number of shareholders in places where the Rights Issue would be made;</li> <li>• the number and value of securities those shareholders would be offered; and</li> <li>• the cost of complying with the legal and regulatory requirements in those jurisdictions.</li> </ul> <p>Accordingly, if you are not an Eligible Shareholder, no offer is made to you and you will not be provided with the opportunity to participate in the Rights Issue.</p>	Section 1.4
How much will be raised by the Rights Issue and what is the use of funds?	<p>Assuming all entitlements to New Shares and all Shortfall (if any) are taken up in full, the Rights Issue will raise approximately \$565,000 before costs.</p> <p>Funds raised from the Rights Issue will be applied to meeting the costs of the Rights Issue, to meeting the costs of the Transaction and otherwise for general working capital purposes.</p>	Sections 1.1, 2 and 3
Are there risks associated with investment in the Company?	<p>There are risks associated with investment in the Company. These include risks relating to the Rights Issue and the New Shares, risks relating to the Company (including in respect of the Transaction) and risks associated with financial investment generally.</p> <p>Please carefully consider the risks and the information contained in this Prospectus in conjunction with any specific matters which have or may be referred to in the Company's ASX announcements before deciding to apply for or acquire New Shares or otherwise making an investment in the Company.</p>	Section 5

Topic	Summary	For more information see:
What can I do with my Entitlement?	<p>You can do any of the following:</p> <ul style="list-style-type: none"> <li>• take up all of your Entitlement (by accepting the Rights Issue off in full);</li> <li>• take up all of your entitlement (by accepting the Rights Issue offer in full) and apply for additional New Shares from the Shortfall (if any);</li> <li>• take up part of your Entitlement (by accepting part of your Rights Issue Entitlement) and allow the balance to lapse (and the balance will form part of the Shortfall); or</li> <li>• do nothing, in which case all your Entitlement will lapse and form part of the Shortfall.</li> </ul>	Section 6
Can I trade my Entitlement?	No, you cannot trade your Entitlement to apply for and receive New Shares.	Section 1.2
What happens if I do not take up my entitlement, or take up only part of my entitlement?	<p>Not taking up your Entitlement in full may result in your interest in the Company being diluted.</p> <p>If you do not take up all of your entitlement by the Closing Date, New Shares to which you were entitled will form part of the Shortfall.</p>	Sections 1.1, 1.5 and 4.2
How do I take my entitlement (accept the Rights Issue offer)?	<p>If you wish to take up (accept the Rights Issue offer for) all or part of your entitlement (or make an application for New Shares under the Shortfall) you must either:</p> <ul style="list-style-type: none"> <li>• if you are an Eligible Shareholder with a registered address in Australia, pay by BPAY using the BPAY details in the personalised Entitlement and Acceptance Form, so payment is received by no later than 5:00pm (Melbourne time) on the Closing Date; or</li> <li>• if you are an Eligible Shareholder with a registered address in New Zealand, complete and return the personalised Entitlement and Acceptance Form to Advanced Share Registry Services together with making payment by electronic funds transfer (EFT) as set out in your personalised Entitlement and Acceptance Form so the form and payment are received by the Share Registry by no later than 5:00pm (Melbourne time) on the Closing Date.</li> </ul> <p>The amount payable if you are taking up your full Entitlement is set out in the personalised Entitlement and Acceptance Form.</p> <p>If taking up less than your full Entitlement under the Rights Issue, the amount payable is calculated by multiplying the number of New Shares you wish to take up by 0.5 cents (\$0.005).</p> <p>Eligible Shareholders who take up their entitlement in full may also apply for additional New Shares from the Shortfall which will be allocated in the manner described in Section 1.5.</p>	Section 6
Is there a minimum subscription amount?	There is no minimum subscription amount. New Shares will be issued in response to valid acceptances of entitlements received. Entitlements not accepted will form part of the Shortfall.	Sections 1.1 and 1.5
Is the Rights Issue underwritten?	No, the Rights Issue is not underwritten.	Section 1.3

Topic	Summary	For more information see:
How and when will I know if my application was successful?	Holding statements confirming the issue of New Shares to be issued under the Rights Issue are anticipated to be dispatched on or about 24 August 2020.	Section 6
What are the taxation implications of participating in the Rights Issue?	Taxation implications will vary depending upon the specific circumstances of the investor. You should obtain professional advice as to the taxation treatment applicable to you.	Section 11
Where can I find more information about the Company?	For more information on the Company please see the Company's website ( <a href="http://www.highgrademetals.com.au">www.highgrademetals.com.au</a> ) or refer to the Company's ASX announcements (available on the ASX's website <a href="http://www.asx.com.au">www.asx.com.au</a> , search code "HGM").	Section 17
What if I have questions about the Rights Issue or how to apply?	<p>You should consult your stockbroker, accountant, solicitor or other professional adviser before making any decision regarding applying for New Shares.</p> <p>If you have any questions regarding how to complete and return the acceptance form, contact details will be included in the Personalised Application Form.</p> <p>Questions concerning the Rights Issue can also be directed to the Company on +61 3 9614 0600.</p>	Section 17



## 1. **Details of the Rights Issue**

### 1.1 **The Rights Issue**

High Grade Metals Limited [ACN 062 879 583] (**HGM** or **the Company**) offers to its shareholders, as recorded on the share registry records at 7:00pm (Melbourne time) on the Record Date and who have a registered address in Australia or New Zealand (each an **Eligible Shareholder**), the right to participate in a non-renounceable rights issue of one (1) new fully paid ordinary share (**New Shares**) for every four (4) existing shares (**Shares**) held at the Record Date (maximum aggregate of 113,234,466 New Shares, subject to rounding) at an issue price of 0.5 cents (\$0.005) per New Share (**the Rights Issue**).

Any New Shares not taken up by Eligible Shareholders shall form part of the shortfall (**Shortfall**). Eligible Shareholders may also apply for New Shares from the Shortfall. Further details are set out in section 1.4.

Assuming all entitlements to New Shares are taken up in full, or that the Shortfall (if any) is taken up in full, the Rights Issue will raise approximately \$565,000 (before costs). A lower amount will be raised if the Rights Issue is not fully subscribed.

There is no minimum subscription amount for Eligible Shareholders. New Shares will be issued in response to valid acceptances of entitlements received. Fractional entitlements to New Shares will be rounded up.

### 1.2 **No Entitlement Trading**

Entitlements to apply for and receive New Shares pursuant to the Rights Issue are not renounceable and, accordingly, there is no ability to trade rights on ASX or elsewhere.

### 1.3 **No Underwriting**

The Rights Issue is not underwritten.

### 1.4 **Non-eligible Foreign Shareholders**

Only Eligible Shareholders, being those shareholders with addresses in Australia or New Zealand in the register of members of the Company as at the Record Date, are eligible to participate in the Rights Issue.

The Company has decided that it is unreasonable to make the Rights Issue outside Australia and New Zealand having regard for the:

- the number of holders in places where the Rights Issue would be made;
- the number and value of securities those holders would be offered; and
- the cost of complying with the legal and regulatory requirements of regulatory authorities in those jurisdictions.

The Company will be notifying each of the non-qualifying foreign shareholders of the Rights Issue and advise them that the Rights Issue will not be made to them.

At the Record Date a total of 62,104,865 shares (approximately 13.71% of existing issued shares) are held by 40 non-qualifying foreign shareholders in 9 different countries. The shares of non-qualifying foreign shareholders are equivalent to entitlements to apply for and receive a maximum of 15,526,216 New Shares (subject to rounding), being an aggregate amount of \$77,631 at the \$0.005 (0.5 cents) issue price per New Share. The equivalent entitlements of non-qualifying foreign shareholders will form part of the Shortfall further details of which are set out in section 1.5.

### 1.5 **Shortfall**

Any part of your entitlement to New Shares under this Prospectus not taken up will form part of the Shortfall.

If you are an Eligible Shareholder and you apply for your full entitlement you may also apply for more New Shares than the number shown on your Entitlement and Acceptance Form. To apply for more New Shares than your entitlement please complete the relevant section in the Entitlement and Acceptance Form.

The issue of additional New Shares from the Shortfall in response to applications will depend on there being sufficient Shortfall available after all valid acceptances of entitlements under the Rights Issue are fulfilled. Subject to availability, Eligible Shareholders that apply for New Shares from the Shortfall will be guaranteed an allocation of New Shares from the Shortfall equal to their entitlement under the Rights Issue. By way of example, if an Eligible Shareholder has an entitlement to 100 New Shares under the Rights Issue and applied for 100 or more New Shares from the Shortfall, that Eligible Shareholder would, subject to availability of New Shares forming the Shortfall, be guaranteed an allocation of 100 New Shares from the Shortfall.

If the available New Shares forming the Shortfall are not sufficient to accommodate the allocation policy set out above, Eligible Shareholders who apply for New Shares from the Shortfall will be scaled back on the basis of the pro-rata entitlement under the Rights Issue of such subscribing Eligible Shareholders.

Any remaining New Shares from the Shortfall following the allocation to subscribing Eligible Shareholders as described above shall be distributed at the discretion of the Board, which may include to professional, sophisticated and other investors exempt from Chapter 6D of the Corporations Act who are invited by the Company to subscribe for New Shares from the Shortfall.

No shareholder or investor will be allocated New Shares from the Shortfall if that would result in the relevant interest of the shareholder (and its associates) exceeding 20% of the issued capital of the Company.

The number of New Shares that Eligible Shareholders receive as a result of a Shortfall application (if any) depends on the extent to which Eligible Shareholders accept their entitlements to the Rights Issue, the extent to which Eligible Shareholders who accept their entitlement in full apply for Shortfall and the allocation policy described above. Additional New Shares will not be issued to shareholders or others from the Shortfall where to do so would involve a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

The Company reserves the right to offer and issue New Shares from the Shortfall at its discretion within 3 months after the Closing Date.

### 1.6 **ASX Listing**

The Company will apply to ASX for admission of the New Shares to official quotation within 7 days of the date of this Prospectus. The fact that ASX may grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or those securities.

If ASX does not grant permission for the Official Quotation of New Shares within 3 months after the date of issue of this Prospectus (or such period as is permitted by the Corporations Act), the Company, in its absolute discretion, will either repay the application monies to applicants without interest or (subject to any necessary ASIC or ASX waivers or consents being obtained) issue a supplementary or replacement Prospectus and allow applicants one month to withdraw their application and be repaid their application monies without interest.

### 1.7 **Transaction – Overview**

On 7 July 2020, the Company announced to ASX that it had entered into a binding terms sheet to acquire 100% of Jade Gas Pty Ltd (**Jade**). The key asset of Jade is a 60% interest in a joint venture with the Mongolian State-owned enterprise, Erdenes Methane LLC, a subsidiary of Erdenes Mongol LLC, which holds a Production Sharing Agreement with the Mineral Resources And Petroleum Authority of Mongolia to explore and exploit coal seam gas over the major coal field known as Tavan Tolgoi.

The proposed acquisition by the Company of Jade is referred to herein as the **Transaction**.

The Transaction constitutes a change in the scale of the activities of the Company that will require it to re-comply with Chapters 1 and 2 of the ASX Listing Rules. In connection with the Transaction and re-compliance with the ASX Listing Rules, the Company proposes in future issuing a prospectus (**RTO Prospectus**) for, amongst other matters, an offer of shares in the Company to raise \$6 million before costs (**RTO Capital Raising**).

The Transaction is conditional upon satisfaction of a number of conditions precedent, including but not limited to completion of due diligence on Jade by the Company, receipt of required shareholder approvals in connection with the Transaction, completion of the RTO Capital Raising, and the Company obtaining confirmation from ASX that the Transaction and the post-completion structure and operations of the Company are suitable and thereafter the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules.

Further details of the Transaction, including the consideration payable by the Company to the vendors of Jade and the directors proposed to be appointed to the Board of the Company on and from completion of the Transaction, are set out in the announcement released by the Company to ASX on 7 July 2020 and will be included in the RTO Prospectus to be issued by the Company.

### 1.8 **Proposed Consolidation**

In connection with the Transaction, the Company intends to seek shareholder approval to consolidate its securities on a 5 for 1 basis (i.e. every 5 shares become 1 share) (**Consolidation**). The figures contained in this Prospectus are on a pre-Consolidation basis. To determine the relevant number on a post-consolidation basis, the numbers in this Prospectus can be divided by 5. Option exercise prices will be multiplied by 5 in connection with the Consolidation.

## 2. **Purpose of the Rights Issue**

The purpose of the Rights Issue is to raise approximately \$565,000 (before costs) if the Rights Issue is fully subscribed. A lower amount will be raised if the Rights Issue is not fully subscribed. Further details of the proposed use of the funds raised and the financial effect of the Rights Issue are set out in section 3.

## 3. **Use of proceeds and financial effect of the Offer**

Approximately \$565,000 will be raised if the Rights Issue is fully subscribed. A lower amount will be raised if the Rights Issue is not fully subscribed. Funds raised from the Rights Issue will be applied to meeting the costs of the Rights Issue, to meeting the costs of the Transaction and otherwise for general working capital purposes.

The estimated anticipated costs of the Rights Issue will be approximately \$14,500 as set out in the table below:

<b>Particulars</b>	<b>Amount (\$)</b>
Legal, printing and postage	\$8,000
ASIC and ASX Fees *	\$7,500
<b>TOTAL</b>	<b>\$15,500</b>

*\* Assumes full subscription of the Rights Issue and issue and quotation of 113,234,466 New Shares. ASX fees will be marginally lower if the Rights Issue is not fully subscribed.*

If the Rights Issue is fully subscribed then the cash reserves of the Company are anticipated to increase by approximately \$549,500, being \$565,000 less the anticipated costs of the Rights Issue of \$15,500. Cash reserves of the Company will be increased by a lower amount if the Rights Issue is not fully subscribed. It is not anticipated the Rights Issue will have a financial effect on the Company other than as set out in this section 3.

As at the date of this Prospectus, the Company has cash on hand of approximately \$100,000. Funds raised under the Rights Issue will increase the cash reserves of the Company as set out above. The Company has existing creditors of approximately \$450,000. It is noted that approximately \$340,00 of the creditors relate to

amounts owed to directors and/or their associated entities on account of director fees and fees for other services, who have agreed to subordinate these debts until the Company has sufficient funds to settle these debts in full. Further details of amounts owed to directors and/or their associated entities are set out in section 10.2. Payments due to these creditors are within trading terms and are expected to be settled in the ordinary course of business.

#### 4. Effect on the Capital Structure of the Company

##### 4.1 Shares and Convertible Securities

###### *Capital Structure*

The tables below set out the existing capital structure of the Company and the effect on the Company's capital structure of the Rights Issue if fully subscribed. These tables assume that no further securities are issued by the Company other than as provided for under the Rights Issue and that no existing options or warrants on issue in the Company are exercised into fully paid ordinary shares.

For the avoidance of doubt these tables are on a pre-Consolidation basis.

#### SHARES

Existing issued ordinary shares	452,937,867
Maximum New Shares under the Rights Issue	113,234,466*
<b>Total</b>	<b>566,172,333</b>

\*subject to rounding

#### CONVERTIBLE SECURITIES

The Rights Issue will not have any impact on the convertible securities of the Company. Accordingly, the existing convertible securities of the Company are set out in the tables below:

###### *Options*

Listed/Unlisted	Number of options	Expiry Date	Exercise price
Unlisted	97,500,000	30 September 2020	\$0.03 (3 cents)
Unlisted	3,000,000	30 September 2020	\$0.12 (12 cents)
Unlisted	35,000,000	30 June 2022	\$0.03 (3 cents)

In addition to the above, as announced on 7 July 2020, the Company has appointed Mr Dennis Morton as a non-executive Director of the Company. In connection with his appointment, it is proposed that Mr Morton (and/or his nominee(s)) will be issued 60,000,000 unlisted options (12,000,000 unlisted options on if the Consolidation is approved), each with an exercise price of \$0.009 (0.9 cents) (being \$0.045 (4.5 cents) if the Consolidation is approved consistent with the ASX release dated 7 July 2020) which is 50% above the proposed fundraising price associated with the proposed re-compliance transaction, expiring four years from the date of issue and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company. The issue of options to Mr Morton (and/or his nominee(s)) is subject to receipt of required shareholder approval.

*Performance Shares*

<b>Class</b>	<b>Number</b>	<b>Applicable Milestone</b>
Class A Performance Shares	120,000,000	Delineation on the Austrian Cobalt Project of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade of at least 8 grams per tonne, by no later than 5:00pm on the date that is one month after the expiry date, being 25 February 2023.
Class B Performance Shares	120,000,000	Completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt Project by an independent third-party expert which evidences an internal rate of return of greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt Project is over US\$50,000,000, and provided that (while the Company remains listed on the ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release, by no later than 5:00pm on the date that is one month after the expiry date, being 25 February 2023.

**4.2 Dilution and control**

Shareholders who take up their entitlement in the Rights Issue will not be diluted, and will maintain (or, in the event of undersubscriptions, increase) their existing proportional (percentage) interest in the Company.

The percentage shareholding in the Company of shareholders who do not take up their rights pursuant to the Rights Issue will be diluted. Examples of the impact of dilution on existing holders where a shareholder does not take up its entitlement and the Rights Issue is 50% subscribed or 100% subscribed are set out below:

<b>Shareholder (example)</b>	<b>Holding at the Record Date</b>	<b>% at Record Date</b>	<b>1 for 4 entitlement under Rights Issue</b>	<b>Holding if entitlement not taken up</b>	<b>As % of total shares if Rights Issue 50% subscribed</b>	<b>As % of total shares if Rights Issue 100% subscribed</b>
A	7,000,000	1.55%	1,750,000	7,000,000	1.37%	1.24%
B	8,500,000	1.88%	2,125,000	8,500,000	1.67%	1.50%
C	11,000,000	2.43%	2,750,000	11,000,000	2.16%	1.94%
D	16,000,000	3.53%	4,000,000	16,000,000	3.14%	2.83%
E	26,000,000	5.74%	6,500,000	26,000,000	5.10%	4.59%

**Notes to Table:**

- *All percentages are rounded to two decimal places.*
- *It is assumed the notional Shareholders in the example above do not acquire or dispose of shares.*
- *The above does not take into account the exercise of any options and/or performance shares.*

## 5. Risks

The New Shares offered under this Prospectus are considered highly speculative. An investment in the Company carries risk. The Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in the Prospectus.

This section identifies circumstances the Directors regard as risks associated with investment in the Company and which may have a material adverse impact on the financial performance of the Company, if they were to arise.

Specifically:

- the New Shares are subject to specific risks (refer to section 5.1);
- the business and operations of the Company are subject to specific risk factors that could potentially influence the performance of the Company in the future (refer section 5.2);
- the operations of the Company in Austria are subject to specific risk factors that could potentially influence the performance of the Company in future (refer section 5.3); and
- there are general investment and market risks (refer section 5.4).

Where possible, the Directors aims to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, some of the risks identified are highly unpredictable or are out of the control of the Company and the Company is therefore limited to the extent it can effectively manage them.

These risk factors are not intended to be an exhaustive list of risks to which the Company is, or will be, exposed.

### 5.1 Risks associated with the Rights Issue and New Shares

#### (a) *Value of securities and share market conditions*

The market price of the Company's securities are subject to varied and unpredictable influences on the market for equities in general and with respect to resources stocks in particular. Market conditions and lack of liquidity may affect the value of the Company's securities regardless of the performance of the Company.

In particular, the extent of the effects of the COVID-19 pandemic is at this stage is uncertain and evolving. The COVID-19 pandemic is having, and is expected to continue to have, an influence on the volatility of equity markets generally and may continue to impact and influence the market price of the Company's securities.

#### (b) *Liquidity and Suspension*

The securities of the Company are currently suspended from official quotation on the ASX and it is not anticipated that trading in the securities on the Company will re-commence at least until completion, or abandonment and termination, of the Transaction. Even should the Transaction complete and the securities of the Company re-commence trading on the ASX, there can be no assurance there will be, or continue to be, an active market for shares of the Company (including New Shares) or that the price of New Shares will increase. The Company will seek to complete the Transaction as expediently as possible and is indicatively targeting a completion date of 30 September 2020. However, there can be no guarantee that the Company will be able to meet this timetable and delays may occur including delays which are for reasons outside the control of the Company. There is a risk that the Company may not be able to complete the Transaction in accordance with its indicative timelines, or at all (refer also to the transaction risks set out in clause 5.2(a)).

#### (c) *Taxation consequences*

The issue of New Shares may have taxation consequences depending on the particular circumstances of the recipient. You should seek your own professional advice before investing in the Company.

(d) *Dilution*

The issue of New Shares will result in holders who do not take up their entitlements to New Shares under the Rights Issue being diluted. The number of New Shares to be subscribed for by an Eligible Shareholder to not have their holding diluted in the Company is depending on the current shareholding of the Eligible Shareholder and the number of New Shares issued.

**5.2 Business Risks**

(a) *Transaction risks (including post-Transaction)*

Completion of the Transaction is subject to various conditions, including but not limited to completion of due diligence on Jade by the Company, receipt of required shareholder approvals in connection with the Transaction, completion of the RTO Capital Raising, and the Company obtaining confirmation from ASX that the Transaction and the post-completion structure and operations of the Company are suitable and thereafter the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules. The Company makes no guarantee that these conditions will be satisfied by a certain date, or at all.

Following completion of the Transaction, it is anticipated that the Company will be subject to various different risks than those associated with its renewed operations. A brief summary of some of the risks that the Board anticipates the Company will be subject to following completion of the Transaction is set out below:

- Sovereign and political risks associated with operating in Mongolia: Mongolia is a young democratic country that is transitioning to a market economy and is therefore subject to risks and uncertainty. There is also a risk that laws in place in Mongolia may be applied by the judiciary and regulators in Mongolia in a way that is detrimental to the Company and its proposed post-Transaction operations.
- Exploration success and operating and development risk: The future exploration activities may be affected by a range of factors including limitations on activities due to seasonal weather patterns, industrial accidents, environmental difficulties and changing regulatory conditions. The proposed operations of the Company are also subject to other risks such as unforeseen delays in exploration and development, difficulties in maintaining and operation plant and equipment, technical failure and excessive costs.
- Joint venture risk: The primary activities of the Company will be undertaken pursuant to joint venture arrangements with third party entities, including those entities formed to represent the interests of the Mongolian government. Accordingly, the activities of the Company will be subject to risks generally associated with joint venture arrangements, including the risk that the other party may fail to perform their obligations under the joint venture arrangement(s), or may seek to terminate or withdraw from the joint venture arrangement(s). There is also a risk that the Company may not be able to enter into future joint venture arrangement(s) on commercially viable terms, if at all.
- Title risk: Subject to due diligence, it is anticipated that the right held by Jade via joint venture arrangements will be subject to various conditions that must be satisfied for the rights to remain in place. These conditions are likely to include, but not be limited to, a requirement to pay certain fees and to meet certain filing and expenditure requirements. It is also likely that the rights forming the projects will be subject to periodic renewal.
- Environmental: Subject to due diligence, it is anticipated that the rights held by Jade will be subject to certain Mongolian laws and regulations concerning the environment. It is the Company's intention to conduct its activities to a high standard of environmental obligations, however there is a risk that Mongolian laws and regulations will impose onerous obligations that the Company will not be able to effectively meet, whether due to excessive costs of regulatory compliance or otherwise.

Further details of the key risks associated with the post-Transaction operations of the Company will form part of the future capital raising and shareholder approval documents (including the RTO Prospectus).

*(b) Future capital requirements*

The ability of the Company to effectively implement its proposed exploration and development plans in the future may depend in part on its ability to raise additional funds. While the Company is proposing to raise funds to meet its short to medium term plans, there is a risk that the Company will require additional funding to further progress its operations.

*(c) Reliance on key management personnel*

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and Directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

If such contracts with key management personnel are terminated or breached, or if the relevant personnel were no longer to continue in their current roles, the Company would need to engage alternative staff, and the Company's operations and business may be adversely affected.

**5.3 Risks associated with operations in Austria**

*(a) Government and political risks*

The Company's operating activities in Austria subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While the Company believes that it will be in substantial compliance with all material current laws and regulations affecting its proposed exploration activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its subsidiaries or its properties, which could have a material adverse impact on current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company or its subsidiaries from proceeding with any future exploration of its properties in Austria. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

*(b) Permits*

The Company's proposed operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of licences/permits from any existing operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, the Company must receive licences/permits from appropriate Governmental authorities. There is no certainty that the Company will continue to hold all licences/permits necessary to develop or continue operating at any particular property.

*(c) Government regulation of the mining industry*

The Austrian activities of the Company will be subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its activities will be carried out in accordance with all



applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

*(d) Access*

Land access is critical for exploration and mining operations. Access to land can be affected by land ownership, including private (freehold) land, pastoral lease, regulatory requirements within Austria, and competing or underlying claim interests.

While access issues are faced by many mining exploration companies and are not considered unusual, the ability of the Company to explore its claims and exploit any deposits that may be discovered through access to critical infrastructure such as roads, may be affected by any ownership rights, regulatory requirements, underlying claim interests, or any other land access rights being enforced.

*(e) Early stage of exploration*

The Company's operations in Austria are at an early stage of exploration and success will depend on the Company's ability to implement its exploration strategy and define exploration results from the Austrian projects that are compliant with the JORC Code. There can be no guarantee that the Company can or will be able, or that it will be commercially advantageous for the Company, to develop the Austrian projects. As noted in its recent ASX releases, the Company continues to explore potential partnerships to assist with development of its Austrian projects which may include farm-outs, joint ventures or other structures which may result in the divestment of interests in the Austrian projects. There can be no guarantee that any such partnership or opportunity will be identified or completed at any given time, or at all.

*(f) Historical Austrian results*

The Austrian projects of the Company are prospective for cobalt, nickel, copper and gold and contain historical mines and workings. The historical results should not be taken to be representative of the grades of mineralisation that may be encountered in a modern exploration program. No assurances can be given that the exploration will result in the determination of such a resource. Even if such a resource is identified, no assurance can be provided that it can be economically extracted.

*(g) Exploration risk and cost*

Mining exploration is a high-risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required capital, movement in the price of commodities, securing and maintaining title to the Tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration of the Austrian projects may be unsuccessful, resulting in a reduction of the value of the Tenements, and diminution in the cash reserves of the Company.

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

*(h) Operational risk*

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.

*(i) Environmental*

The Austrian operations and proposed activities of the Company are subject to 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 forest fires, may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations. The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive. Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

*(j) Nature protection restrictions on some of the permits*

Some of the exploration permits making up the Schellgaden South, Kreuzeck East, Kreuzeck West, Seekar, and Zinkwand projects in Austria are located in areas that have been designated under Austrian federal or state nature conservation laws as water protection zones, protected landscapes, "European nature reserves", or protected natural monuments. As a result, rights obtained under the affected exploration permits may not be able to be exercised at all, or not without restrictions. If exploration works were to be undertaken in protected areas, the exploration works would first have to be approved by the competent nature conservation authority by way of the issue of a formal decree.

If in future the Company were to plan to undertake exploration activities in a protected area in respect of its Austrian projects, the Company would have to apply for any necessary approvals from the relevant nature conservation authority. There can be no guarantee that such approvals would be forthcoming on acceptable conditions, or at all.

*(k) Mine development*

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather

conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its Austrian projects.

*(l) Resource estimates risk*

Resource estimates are expressions of judgments based on knowledge, experience and industry practice. Estimates which were 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. Estimates are likely to change as further information becomes available through fieldwork and analysis. This may result in alterations to development and mining plans. The actual quality and characteristics of mineral deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resource estimates. Consequently, actual mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

**5.4 General Risks**

*(a) COVID-19*

The outbreak of COVID-19 is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains uncertain. The Company's share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 (both in Australia and in other jurisdiction in which the Company currently, or may in the future, operate) may adversely impact the operations of the Company and are likely to be beyond the control of the Company. Additionally, as noted above, COVID-19 may adversely affect the sales cycles and decision making processes of key target customers of the Company.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continuing to evolve and the consequences are uncertain. In compliance with its continuous disclosure obligations, the Company will provide updates to the market as and when COVID-19 has a material impact on the Company and its business and finances.

*(b) Economic Risks*

General economic conditions, movements in interest and inflation rates and currency exchange rates may adversely affect the Company's activities, as well as its ability to fund those activities. Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- global health and safety (including the COVID-19 pandemic); and
- terrorism or other hostilities.

*(c) Regulatory Risks*

Changes in government, financial policy, taxation and other laws in any local and/or international markets or regions cannot be predicted and may affect the Company's ability to carry on its proposed activities, restrict the Company in achieving its objectives or may result in increased compliance costs or complexities in managing the Company's proposed operations and activities.

The Company is also subject to various regulatory requirements, including technology and accounting requirements. Changes to standards, policies, guidelines, interpretations or principles may affect the Company's ability to carry out its activities and/or achieve its objectives. The Company cannot control or predict changes to regulatory requirements, which may adversely affect the Company.

The responses of governmental and regulatory entities COVID-19 pandemic is constantly evolving as further information becomes available. These responses may impact the Company in a detrimental way.

*(d) Litigation Risks*

The Company is exposed to possible litigation risks including contractual disputes, disputes arising from the sale or disposal of Company assets, shareholder actions, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

*(e) Unforeseen risks*

There may be other risks which the Directors and/or management of the Company are unaware of at the time of issuing this Prospectus which may impact upon the Company, its operations and/or the value and performance of the securities of the Company, including the New Shares.

*(f) Inability to pay dividends or make other distributions*

The Company has never declared or paid dividends on its share capital, and the Company does not expect to do so in the short to medium term. There is no guarantee that dividends will be paid on shares in the future. Any distribution is a matter to be determined by the Board in its discretion having regard to the financial performance and position of the Company and applicable laws.

**5.5 Investment Speculative**

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

New Shares carry no guarantee with respect to the payment of dividends, returns of capital or market value. The Company does not expect to declare any dividends for the foreseeable future.

Potential investors should consider that the investment in the Company is highly speculative.

## 6. Acceptance Instructions

### 6.1 Choices available under the Rights Issue

Eligible Shareholders may:

- exercise their rights to participate in the Rights Issue (and take up their entitlement) in full; or
- exercise their rights to participate in the Rights Issue (and take up their entitlement) in full and apply for additional New Shares from the Shortfall (if any); or
- exercise their rights to participate in the Rights Issue (and take up their Rights Issue entitlement) in part; or
- take no action under the Rights Issue offer in this Prospectus and allow their Rights Issue entitlement to lapse.

New Shares represented by Rights Issue entitlements not taken up will become part of the Shortfall.

### 6.2 Completing an Entitlement and Acceptance Form

Unless paying by BPAY®\* (see below), all acceptances of entitlements to New Shares must be made on the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out in on the form.

\* ® Registered to Bpay Pty Ltd ABN 69 079 137 518

#### For payments BPAY or Electronic Funds Transfer (EFT):

Your acceptance of entitlements to New Shares or payment may not be effective if received after 5:00pm (Melbourne time) on the Closing Date or such later date as the Company may specify, in which case no New Shares would be issued to you in respect of your acceptance or payment, and any payment received will be refunded to you after the date of allotment in accordance with the Corporations Act, without interest.

The amount payable on acceptance will be deemed not to have been received until the Company is in receipt of cleared funds. Payments in cash will not be accepted.

If the amount of payment received is insufficient to pay in full for the number of New Shares you have accepted or is more than required for the number of New Shares you have accepted, you will be taken to have accepted the lesser of your entitlement or such whole number of New Shares which is covered in full by your payment.

#### If paying by BPAY – available to Australian registered Eligible Shareholders:

To accept your entitlement and pay via BPAY, you should:

- read this Prospectus and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary; and
- make your payment via BPAY for the number of New Shares you wish to subscribe for (being the Rights Issue offer price of 0.5 cents (\$0.005) per New Share multiplied by the number of New Shares for which you are accepting your entitlement plus any New Shares from the Shortfall) so that it is received no later than 5pm (Melbourne time) on the Closing Date, or such later date as the Company may specify.

You can only make a payment via BPAY if you hold an account with an Australian financial institution.

**If you choose to pay via BPAY you are not required to submit the Entitlement and Acceptance Form.**

If your BPAY payment is received by 5:00pm (Melbourne time) on the Closing Date or such later date as the Company may specify, New Shares accepted are anticipated to be issued to you on or before the date set out in the timetable on page 3 of this Prospectus (which date may change without notice).

You should be aware that your financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit. The Company and the Share Registry accept no responsibility for unsuccessful, delayed, or incomplete BPAY payments.

If you have multiple holdings you will have multiple BPAY reference numbers. To ensure that you receive your entitlement in respect of each holding, you must use the customer reference number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to accept your entitlement for in respect of that holding. Payments in excess of the amount payable for one holding will not be treated as payment for another holding, and the excess will be refunded to the applicant without interest.

If paying by Electronic Funds Transfer (EFT) – available to New Zealand registered Eligible Shareholders:

To accept your entitlement and pay by EFT, you should:

- read this Prospectus and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary; and
- complete the personalised Entitlement and Acceptance Form which accompanies this Prospectus (instructions for completing and returning the Entitlement and Acceptance Form are set out on the form);
- make your payment via EFT for the number of New Shares you wish to subscribe for (being the Rights Issue offer price of 0.5 cents (\$0.005) per New Share multiplied by the number of New Shares for which you are accepting your entitlement plus any New Shares from the Shortfall) so that it is received no later than 5pm (Melbourne time) on the Closing Date, or such later date as the Company may specify.
- return the completed Entitlement and Acceptance Form together with a copy of payment receipt for the applicable amount (being the Rights Issue offer price of 0.5 cents (\$0.005) per New Share multiplied by the number of New Shares for which you are accepting your entitlement) to admin@advancedshare.com.au so that it and payment are received by no later than 5:00pm (Melbourne time) on the Closing Date (which is set out in the timetable on page 3 of this Prospectus), or such later date as the Company may specify. The Company and the Share Registry accept no responsibility for delayed or misdelivered Entitlement and Acceptance Forms or payments.

### **6.3 Further Information**

**If you have any questions about your entitlement, please contact the Company on +61 3 9614 0600. Alternatively, contact your stockbroker or other professional adviser.**

The issue of New Shares is expected to occur after the Closing Date on or before the date set out in the timetable on page 3 of this Prospectus (which date may change without notice). Thereafter holding statements will be despatched. It is the responsibility of recipients to determine their allocation prior to trading in New Shares. Recipients trading New Shares before they receive their statements will do so at their own risk.

The Company may reject an acceptance where payment of the acceptance amount is not received, or without prejudice to its rights, issue New Shares in response to the acceptance and recover outstanding acceptance amount from the recipient. If your Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision in whether to treat a form as valid and how to construe, amend or complete the form is final. The Company accepts no responsibility for failure by your stockbroker or other third parties to carry out your instructions.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Persons resident in countries outside Australia and New Zealand should consult their professional advisers as to whether any governmental or other consent is required or whether formalities need to be observed to enable them to acquire New Shares. Return of an Entitlement and Acceptance Form or payment will be taken by the Company to constitute a representation that there has been no breach of such requirements.

No account has been taken of the particular objectives, financial situation or needs of recipients of this Prospectus. Because of this, recipients of this Prospectus should have regard to their own objectives, financial situation and needs.

Recipients of this Prospectus should make their own independent investigation and assessment of the Company, its business, assets and liabilities, prospects and profits and losses, and the risks associated with investing in the Company. Independent expert advice should be sought before any decision is made to accept the Rights Issue offer, or to acquire New Shares or other securities of the Company.

## **7. Continuous Disclosure Obligations**

This Prospectus is issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities.

Section 713 of the Corporations Act enables a company to issue a special prospectus where the securities under that prospectus are continuously quoted securities within the meaning of the Corporations Act. This generally means that the relevant securities are in a class of securities, or options over a class of securities, that were quoted enhanced disclosure securities at all times during the 3 months before the date of this Prospectus and other requirements relating to the Company not being subject to various exemptions and orders under the Corporations Act within the last 12 months are met.

In summary, special prospectuses are required to contain information in relation to the effect of the offer of securities on the company and the rights and liabilities 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. Accordingly, this Prospectus does not contain the same level of disclosure as a prospectus of an unlisted company or an initial public offering prospectus.

Having taken such precautions and having made such enquiries 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 12 months before the date 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.

For the purpose of satisfying section 713(5) of the Corporations Act a prospectus must incorporate information that:

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

The prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisers to expect to find such information in the prospectus. The Company is not aware of any matters that need to be disclosed under this section of the Corporations Act that have not been previously disclosed or which have not been set out in this Prospectus.

The Company operates an ongoing business and reports regularly on its activities.

As a disclosing entity under the Corporations Act, the Company is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASX and ASIC in relation to the Company may be obtained from or inspected by accessing the respective web sites.

Any person may request, and the Company will provide free of charge, a copy of each of the following documents during the acceptance period of this Prospectus:

- (a) The annual financial report of the Company for the financial year ended 31 December 2019 (released to ASX on 24 March 2020), being the most recent annual financial report of the Company before the lodgement of this Prospectus with ASIC; and
- (b) Any continuous disclosure notices given by the Company since the lodgement of the Annual Financial Report referred to in (b) above before lodgement of this Prospectus. Continuous disclosure notices given by the Company since the lodgement of the Annual Financial Report to the date of this Prospectus are listed in section 8 of this Prospectus.

Such documents are also available online from the ASX website at [www.asx.com.au](http://www.asx.com.au).

## 8. ASX Announcements

The following announcements (continuous disclosure notices) have been made by the Company to ASX since lodging its annual financial report for the year ended 31 December 2019 with ASIC:

Date	Headline
22/07/2020	High Grade Metals AGM COVID Update
07/07/2020	Proposed issue of Securities – HGM
07/07/2020	Appendix 3X
07/07/2020	HGM to Acquire Mongolian Coal Seam Gas Projects
07/07/2020	HGM Appoints Globally Recognised Oil & Gas Exec to the Board
29/06/2020	Notice of Annual General Meeting/Proxy Form
25/05/2020	Change of Address
30/04/2020	Quarterly Activities and Cashflow Report
24/03/2020	Appendix 4G and Corporate Governance Statement
24/03/2020	Annual Report to Shareholders

Any person may request, and the Company will provide free of charge, a copy of any of the above announcements during the application period of this Prospectus.

The Company may make further announcements to ASX from time to time. Announcements are released by ASX on its website, [www.asx.com.au](http://www.asx.com.au) under the Company's ASX code "HGM" and copies of announcements can be obtained from the Company upon request and are available on the Company's website [www.highgrademetals.com.au](http://www.highgrademetals.com.au). Prospective investors are advised to refer to ASX's website for updated releases about events or matters affecting the Company.

In making statements in this Prospectus, it is noted 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.



## 9. Terms of securities offered

New Shares will be fully paid ordinary shares in the capital of the Company, which will rank equally with, and will have the same voting and other rights as existing issued shares of the Company. The rights attaching to the Company's shares are set out in the Company's constitution, the Listing Rules of ASX and the Corporations Act. The Company's constitution has been lodged with ASIC. The constitution contains provisions of the kind common for public companies in Australia and are taken to be included in this Prospectus by operation of Section 712 of the Corporations Act. Any person may request a copy of the constitution during the application period of the Prospectus, which the Company will provide free of charge.

The Rights Issue and any application concerning the issue of New Shares under this Prospectus, shall be governed and construed in accordance with the laws in the State of Victoria, Australia.

## 10. Director's interests

### 10.1 Securities

The Directors' direct and indirect interests in securities of the Company as at the date of this Prospectus and the effect of the Rights Issue on the direct and indirect share holdings of Directors are set out in the following table. For the avoidance of doubt the figures contained in this table are on a pre-Consolidation basis:

#### SHARES & OPTIONS

Director/Shareholder (and/or associate(s))	Existing Shares		% if Rights Issue 50% subscribed	% if Rights Issue fully subscribed	Existing Options
	Number	%			
Anthony Hall	12,833,333	2.83%	2.52%	2.27%	11,666,666
Bradley Drabsch	Nil	Nil	Nil	Nil	10,000,000
Dennis Morton	Nil	Nil	Nil	Nil	Nil <sup>2</sup>
Steven Formica	11,900,000	2.63%	2.34%	2.10%	5,000,000
Adrien Wing	12,288,889	2.71%	2.41%	2.17%	8,000,000
<b>TOTAL:</b>	<b>37,022,222</b>	<b>8.17%</b>	<b>7.27%</b>	<b>6.54%</b>	<b>34,666,666</b>

#### Notes to Table:

1. All percentages are rounded to two decimal places.
2. As announced on 7 July 2020, the Company has appointed Mr Dennis Morton as a non-executive Director of the Company. In connection with his appointment, it is proposed that Mr Morton (and/or his nominee(s)) will be issued 60,000,000 unlisted options (each with an exercise price of \$0.009 (0.9 cents) (being \$0.045 (4.5 cents) if the consolidation is approved consistent with the ASX release dated 7 July 2020) which is 50% above the proposed fundraising price associated with the proposed re-compliance transaction, expiring four years from the date of issue and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company), subject to receipt of required shareholder approval.
3. The Directors also have the following holdings of Performance Shares: Anthony Hall: 9,133,333 Class A Performance Shares and 13,300,300 Class B Performance Shares; Adrien Wing: 6,900,000 Class A Performance Shares and 6,900,000 Class B Performance Shares.
4. The Directors have the following maximum aggregate entitlements to New Shares (subject to rounding) arising from the holdings of themselves and related parties with whom they are associated: Anthony Hall: 3,208,334 New Shares; Bradley Drabsch: nil New Shares; Dennis Morton: nil New Shares; Steven Formica: 2,975,000 New Shares; Adrien Wing: 3,072,223 New Shares.

## 10.2 Remuneration & Payments to Directors

### Fees and other remuneration

Directors are entitled to receive directors' fees and other remuneration (which may include consulting fees) from the Company in relation to services provided to the Company.

Details of the cash remuneration or agreed to be paid to Directors in the two years prior to the lodgement of this Prospectus (excluding GST and other taxes, as applicable) are as follows:

Director	July 2018 – June 2019	July 2019 – June 2020
Anthony Hall	\$58,333.33	\$150,000
Bradley Drabsch	\$33,000	\$132,000
Steven Formica	\$62,000	\$60,000
Adrien Wing	\$35,439	\$60,000
Dennis Morton	Nil	Nil

#### Notes to table:

- *Dennis Morton was appointed as a Director on 7 July 2020 and has not yet received remuneration for his services as a Director. As announced to ASX, his annual remuneration for his performance as a Director is \$60,000.*
- *The remuneration set out above reflects cash paid to Directors only and includes base salaries paid in connection with director engagements, allowances for travel and relocation and compulsory contributions toward director nominated superannuation funds as required by Australia employment law.*
- *The following Director fees set out in the table above are accrued but unpaid at the date of this Prospectus: Anthony Hall: \$131,250; Bradley Drabsch: \$88,000; Steven Formica: \$47,500; Adrien Wing: \$47,500. These Directors have agreed to subordinate these debts on account of director fees until the Company has sufficient funds to settle these debts in full.*
- *Northern Star Nominees Pty Ltd [ACN 086 208 951], an Australian company associated with Adrien Wing, has received fees of \$60,000 and has accrued fees of \$35,000 that remain unpaid in connection with the provision of company secretarial services to the Company.*

#### Other

Except as disclosed in this Prospectus:

- (a) no person has paid or agreed to pay any amount to any Director or has given or agreed to give any benefit to any Director, to induce the Director to become, or to qualify as, a Director of the Company or otherwise for services rendered by the Director in connection with the formation or promotion of the Company or the Rights Issue.
- (b) no Director or proposed Director has, or has had within two years of lodgement of this Prospectus, any interest in:
  - the formation or promotion of the Company; or
  - any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Rights Issue; or
  - the Rights Issue.

## **11. Taxation**

Recipients of the Rights Issue offer should seek and obtain their own taxation advice.

## **12. Overseas Investors**

### **12.1 New Zealand**

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

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

The offer of New Shares to Eligible Shareholders in New Zealand is made in compliance with the relevant Australian laws.

### **12.2 Other**

This Prospectus and any application form do not constitute an offer in any jurisdiction in which, or to any persons to whom, it would not be lawful to make such an offer.

This Prospectus does not constitute an offer for securities in any place where, or to any person whom, it would be unlawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons outside Australia who comes 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 the New Shares or the Rights Issue offer or otherwise to permit a public offering of the securities in any jurisdiction outside Australia. The Company does, however, reserve the right (at its absolute discretion) to accept an application from a shareholder if it is satisfied that the making and acceptance of the application complies with the requirements of the relevant jurisdiction.

The Rights Issue has not been, and will not be, registered under the US Securities Act and has not been made in the United States of America or to persons resident in the United States of America.

## **13. Privacy**

Personal information is collected on application forms by the Company and the Share Registry for processing applications, maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Acceptances might not be processed efficiently, or at all, if the information requested is not provided. Personal information about recipients may be disclosed to external service providers such as print or mail service providers as required or permitted by law. A recipient who would like details of their personal information held by the Company or its Share Registry, or who would like to correct information that is incorrect or out of date, should contact the Company by email, by telephone or at the address shown in the Corporate Directory. In accordance with the Corporations Act, recipients may be sent material (including marketing material) in addition to general corporate communications. Recipients may elect not to receive marketing material by contacting the Share Registry's Privacy Officer. Recipients can also request access to, or corrections of, personal information held by the Company by writing to the Company.

## **14. Electronic Prospectus**

This Prospectus is available in electronic format via the ASX website, [www.asx.com.au](http://www.asx.com.au) and via the Company's website at [www.highgrademetals.com.au](http://www.highgrademetals.com.au).

Persons having received this Prospectus in electronic form may, during the offer period, obtain a paper copy of this Prospectus (free of charge) by contacting the Company on +61 3 9614 0600.

Acceptances of Rights Issue entitlements may only be made by BPAY or on the personalised Entitlement and Acceptance Form which accompanied or was attached to a copy of this Prospectus in its paper copy form or a printout of the form which formed part of or was accompanied by the complete and unaltered electronic version of this Prospectus. The Corporations Act prohibits any person from passing on to another person an Entitlement and Acceptance Form unless it is attached to or accompanied by a hard copy of this Prospectus or by the complete and unaltered electronic version of this Prospectus.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the complete and unaltered electronic version of this Prospectus.

#### **15. Investment Decisions**

The information in this Prospectus does not constitute financial product advice. This Prospectus does not take into account the investment objectives, financial situation, tax position and particular needs of individual investors. Investors should obtain their own independent advice and consider the appropriateness of the Rights Issue offer of New Shares pursuant to this Prospectus having regard to their own objectives, financial situation, tax position and needs.

#### **16. Future Performance**

Except as required by law, and only then to the extent so required, neither the Company nor any other person warrants the future performance of the Company, or any return on any investment made pursuant to this Prospectus. An investment through applying for and receiving New Shares under the Rights Issue made by this Prospectus should be considered speculative.

#### **17. Enquiries**

If you have any questions regarding the content of this Prospectus or how to complete the Personalised Application Form, you should contact your stockbroker, accountant or independent professional financial adviser prior to accepting the Rights Issue. If you have any questions regarding the Rights Issue please contact the Company on +61 3 9614 0600.

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

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors of the Company have authorised the lodgement of this Prospectus with ASIC.



**Adrien Wing**  
**Director and Company Secretary**