

KINGWEST RESOURCES LIMITED
ACN 624 972 185

ENTITLEMENT ISSUE PROSPECTUS

For a pro-rata non-renounceable entitlement issue of one (1) Share for every five (5) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.135 per Share to raise up to approximately \$3,291,445 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

This Offer is fully underwritten by Canaccord Genuity (Australia) Limited (ACN 075 071 466) (AFSL 234 666) (**Underwriter**). Refer to Section 6.4.1 for details regarding the terms of the underwriting.

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 professional advisers without delay.

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

IMPORTANT NOTICE

This Prospectus is dated 25 August 2020 and was lodged with the ASIC on that date. The ASIC, ASX and their respective 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 this 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 offered by this Prospectus should be considered as highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be made by 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 and 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.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your

financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

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

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

The Company cannot and does 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.

The Company has 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 the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or

to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

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

For further information on overseas Shareholders please refer to Section 2.9.

Continuous disclosure obligations

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

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 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.

Please refer to Section 6.2 for further details.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.kingwestresources.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 9481 0389 during office hours or by emailing the Company at admin@kingwestresources.com.au.

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.

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

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

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

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing

certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set 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 CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. 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.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 8.

All references to time in this Prospectus are references to Australian Western Standard Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including 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. If you wish

to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

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

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offer please call the Company Secretary on +61 (08) 9481 0389.

CORPORATE DIRECTORY

Directors

Adrian Byass (Non-Executive Chairman)

Stephen Brockhurst (Non-Executive Director)

Jonathan Downes (Non-Executive Director)

Jon Price (Non-Executive Director)

Share Registry*

Automic Group
Level 2

267 St Georges Terrace
PERTH WA 6000

Telephone: +61 1300 288 664 (within Australia)

Chief Executive Officer

Ed Turner

Company Secretary

David McEntaggart

Legal Advisers

Steinepreis Paganin
Lawyers and Consultants
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PERTH WA 6000

Registered Office

Level 11
216 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 9481 0389

Email: admin@kingwestresources.com.au

Website: www.kingwestresources.com.au

Lead Manager and Underwriter

Canaccord Genuity (Australia) Limited
AFSL 234 666
Level 15
333 Collins Street
MELBOURNE VIC 3000

Auditor*

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
PERTH WA 6000

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

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1. KEY OFFER INFORMATION

1.1 Timetable

| | |
|---|--|
| Lodgement of Prospectus with the ASIC Lodgement of Prospectus and Appendix 3B with ASX | Prior to the commencement of trading on Tuesday 25 August 2020 |
| Ex date | Thursday, 27 August 2020 |
| Record Date for determining Entitlements | Friday, 28 August 2020 |
| Offer opening date, Prospectus dispatched to Shareholders and Company announces this has been completed | Wednesday, 2 September 2020 |
| Last day to extend the Closing Date | Tuesday, 8 September 2020 |
| Closing Date as at 5:00pm* | Friday, 11 September 2020 |
| Securities quoted on a deferred settlement basis | Monday, 14 September 2020 |
| ASX and Underwriter notified of under subscriptions | Wednesday, 16 September 2020 |
| Underwriter subscribes for Shortfall under terms of Underwriting Agreement | Friday, 18 September 2020 |
| Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Shares | Friday, 18 September 2020 |
| Quotation of Shares issued under the Offer** | Monday, 21 September 2020 |

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Shares are expected to commence trading on ASX may vary.

1.2 Key terms of the Offer

Shares

| | Full Subscription (\$3,291,445) |
|--|----------------------------------|
| Offer Price per Share | \$0.135 |
| Entitlement Ratio (based on existing Shares) | 1:5 |
| Shares currently on issue | 121,905,376 |
| Shares to be issued under the Offer | 24,381,075 |
| Gross proceeds of the issue of Shares | \$3,291,445 |
| Shares on issue Post-Offer | 146,286,451 |

1.3 Key Risk Factors

Prospective investors should be aware that subscribing for Securities involves a number of risks and an investment in the Company should be considered as highly speculative. The future performance of the Company and the value of

the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are set out in Section 5.

The predominant risks relating to the Company and the Offer are summarised below:

| Risk | Description | Further Information |
|--|--|-------------------------|
| Potential for dilution | After the Offer each Share will represent a significantly lower proportion of the ownership of the Company. | Section 5.2(a) |
| Sale of Non-core Tenements | Risk of non-completion of the sale of non-core assets (being the Goongarrie Lady and Crawford's and Gambier Lass North tenements). | Section 5.2(b) |
| Additional Requirements for Capital | Depending on the Company's ability to generate income from its operations, the Company is likely to require further financing in addition to amounts raised under the Offer. | Refer to Section 5.2(c) |
| COVID-19 Risk | The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. | Refer to Section 5.2(d) |
| Exploration Success | Mineral exploration and development are high-risk undertakings. | Refer to Section 5.2(e) |

1.4 Directors' Interests in Securities

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

| Director | Shares | Options | Share Appreciation Rights ⁴ | Share Entitlement | Value of Share Entitlement (\$) |
|--------------------|-----------|------------------------|--|-------------------|---------------------------------|
| Adrian Byass | 1,150,000 | 3,000,000 ¹ | 750,000 | 230,000 | \$31,050 |
| Stephen Brockhurst | 200,000 | 1,000,000 ² | 250,000 | 40,000 | \$5,400 |
| Jonathan Downes | 1,533,334 | 3,000,000 ³ | 750,000 | 306,667 | \$41,400 |
| Jon Price | - | - | - | - | - |

Notes:

- 1,000,000 unlisted options exercisable at \$0.39 on or before 30 June 2022 and 2,000,000 Unlisted options exercisable at \$0.54 on or before 30 June 2022.
- 500,000 unlisted options exercisable at \$0.20 on or before 30 June 2021 and 500,000 unlisted options exercisable at \$0.20 on or before 30 June 2021.
- 1,000,000 unlisted options exercisable at \$0.39 on or before 30 June 2022 and 2,000,000 unlisted options exercisable at \$0.54 on or before 30 June 2022.

4. Share Appreciation Rights with a strike price of \$0.28 expiring 7 October 2024.
5. Refer to the Appendix 3Y for each Director for further details with respect to their relevant interest in the Securities of the Company.

The Board recommends all Shareholders take up their Entitlements. The Directors presently intend to take up their respective Entitlement (in whole or in part).

1.5 Details of Substantial Holders

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

| Shareholder | Shares | % |
|---------------------------|------------------------|--------|
| Horizon Minerals Limited | 20,000,000 | 16.41% |
| 1832 Asset Management L.P | 7,069,443 ¹ | 5.8% |

In the event that the Offer is fully subscribed (on the basis it is fully underwritten) there will be no change to the interests of substantial holders on completion of the Offer.

1.6 Underwriting and sub-underwriting

The Offer is fully underwritten by Canaccord Genuity (Australia) Limited (ACN 075 071 466) (AFSL 234 666) (**Canaccord** or the **Underwriter**). Refer to Section 6.4.1 for details of the terms of the underwriting.

The Underwriter has entered into a number of sub-underwriting agreements in respect of the Offer, including a priority sub-underwriting agreement with a non-related party (**Priority Sub-underwriter**) in respect of \$650,000 (4,814,815 Shares). Accordingly, the Priority Sub-underwriter will be allocated up to 4,814,815 Shares under the Shortfall Offer, prior to the allocation of Shortfall to other sub-underwriters and Eligible Shareholders who may apply for Shortfall Shares.

1.7 Effect on Control

The Underwriter is presently not a Shareholder and is not a related party of the Company for the purposes of the Corporations Act. The issue of Shares under this Prospectus to the Underwriter may increase its interest in the Company and dilute the Shareholding of other Shareholders to the extent they elect not to participate in the Offer or are ineligible to participate in the Offer.

In accordance with the terms of the Underwriting Agreement, the Underwriter will allocate the Shortfall to its sub-underwriters and/or clients and people who have otherwise agreed to assist with the completion of the Offer such that neither the Underwriter, the sub-underwriters nor any of the Underwriter's clients, individually, will have a voting power in the Company in excess of 19.9% after the issue of the Shortfall.

The Company, in consultation with the Underwriter, will ensure that the Offer (including the equitable dispersion of any Shortfall Securities) complies with the provisions of Chapter 6 of the *Corporations Act 2001* (Cth) and is otherwise consistent with the policy guidelines contained in ASIC Regulatory Guide 6 and Takeovers Panel Guidance Note 17.

1.8 Potential dilution on non-participating Shareholders

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 16.67% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

For illustrative purposes, the table below shows how the dilution may impact the holdings of Shareholders:

| Holder | Holding as at Record date | % at Record Date | Entitlements under the Offer | Holdings if Offer not taken Up | % post Offer |
|---------------|---------------------------|------------------|------------------------------|--------------------------------|--------------------|
| Shareholder 1 | 10,000,000 | 8.20% | 2,000,000 | 10,000,000 | 6.84% |
| Shareholder 2 | 5,000,000 | 4.10% | 1,000,000 | 5,000,000 | 3.42% |
| Shareholder 3 | 1,500,000 | 1.23% | 300,000 | 1,500,000 | 1.03% |
| Shareholder 4 | 400,000 | 0.33% | 80,000 | 400,000 | 0.27% |
| Shareholder 5 | 50,000 | 0.04% | 10,000 | 50,000 | 0.03% |
| Total | 121,905,376 | | 24,381,075 | | 146,286,451 |

Notes:

1. This is based on a share capital of 121,905,376 Shares as at the date of the Prospectus and assumes no Options currently on issue are exercised, no Share Appreciation Rights vest and are converted into Shares and no other Shares are issued .
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Underwriting.

2. DETAILS OF THE OFFER

2.1 The Offer

The Offer is being made as a pro-rata non-renounceable entitlement issue of one (1) Share for every five (5) Shares held by Shareholders registered at the Record Date at an issue price of \$0.135 per Share. Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, approximately 24,381,075 Shares may be issued under the Offer to raise up to \$3,291,445.

As at the date of this Prospectus the Company has 23,600,000 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 3.3 for information on the exercise price and expiry date of the Options on issue.

None of the 2,970,000 Share Appreciation Rights on issue have vested.

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

The purpose of the Offer and the intended use of funds raised are set out in Section 3.

2.2 What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus.

The Entitlement and Acceptance Form, together with a copy of this Prospectus can be accessed at <https://investor.automic.com.au/#/home>. If you wish to access the online application system, you will need to provide your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode and follow the instructions provided including making payment by BPAY®.

Eligible Shareholders may choose any of the options set out in the table below.

| Option | Key Considerations | For more information |
|--|--|------------------------------|
| Take up all of your Entitlement | <ul style="list-style-type: none">Should you wish to accept all of your Entitlement, then your application for Shares under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully.Payment can be made by the methods set out in Section 2.3. As set out in Section 2.3, if you pay by BPAY or EFT, you do not need to return the | Section 2.3 and Section 2.4. |

| Option | Key Considerations | For more information |
|--|---|-----------------------------|
| | Entitlement and Acceptance Form. | |
| Take up all of your Entitlement and also apply for Shortfall Shares | <ul style="list-style-type: none"> • Should you wish to accept all of your Entitlement and apply for Shortfall Shares, then your application for your Entitlement and additional Shortfall Shares under this Prospectus must be made by following the instructions on your personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully. • Payment can be made by the methods set out in Section 2.3. Payment should be made for your Entitlement and the amount of the Shortfall for which you are applying. • If you apply for Shortfall Shares beyond your Entitlement you are deemed to have accepted your Entitlement in full. You should note that the allocation of Shortfall Shares is at the sole discretion of the Underwriter, following reasonable consultation with the Company, as per the allocation policy set out in Section 2.6. Accordingly, your application for additional Shortfall Shares may be scaled-back. • The Company's decision on the number of Shortfall Shares to be allocated to you will be final. | Sections 2.3, 2.4 and 2.6. |
| Take up a proportion of your Entitlement and allow the balance to lapse | <ul style="list-style-type: none"> • If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus for the number of Shares you wish to take up and making payment using the methods set out in Section 2.3 below. As set out in Section 2.3, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form. | Section 2.3 and Section 2.4 |
| Allow all or part of your Entitlement to lapse | <ul style="list-style-type: none"> • If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse. | N/A |

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

2.3 Payment options

(a) 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®:

- (i) 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;
- (ii) 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; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Shares (if any) under the Shortfall Offer, to the extent of the excess.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm (WST) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.**

Guidance where you have more than one CRN (Shareholding of Shares)

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not use the same CRN for more than one of your Shareholdings.** This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

(b) By Electronic Funds Transfer

For payment by Electronic Funds Transfer (**EFT**), please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by EFT:

- (i) 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;

- (ii) 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; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

(c) **By Cheque**

Payment by cheque will not be accepted.

2.4 Implications of an acceptance

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

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

2.5 Minimum subscription

There is no minimum subscription in respect of the Offer.

2.6 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. (**Shortfall Shares**). The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.135 being the price at which Shares have been offered under the Offer

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other Eligible Shareholders or other third parties as part of the Shortfall Offer. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Offer.

Eligible Shareholders who wish to subscribe for Shares above their Entitlement are invited to apply for Shortfall Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Shares in accordance with Section 2.3.

Allocation of the Shortfall Shares will be at the sole discretion of the Underwriter, following reasonable consultation with the Company, and will otherwise be subject to the terms of the Underwriting Agreement which is summarised in Section 6.4.1 (including the priority sub-underwriting arrangement disclosed in Section 1.6). If the Offer is oversubscribed (by take up of Entitlements and

applications for Shortfall Shares by Eligible Shareholders), scale back will be applied to applications under the Shortfall Offer on a pro-rata basis to the respective shareholdings of Eligible Shareholders. There is no guarantee that Eligible Shareholders will receive Shares applied for under the Shortfall Offer.

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

Eligible Shareholders resident in jurisdictions outside Australia should note that their participation in the Shortfall Offer may be restricted by Australia's foreign investment laws. The Company reserves the right to not issue Shortfall Shares to an Eligible Shareholder where it reasonably believes that doing so may infringe on Australia's foreign investment laws.

2.7 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 Section 1. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

2.8 Issue of Securities

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at Section 1.

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

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

Holding statements for Securities issued under the Offer will be mailed as soon as practicable after the issue of Securities and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

2.9 Overseas shareholders

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

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

New Zealand

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (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 document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

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

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of the offer

The purpose of the Offer is to raise up to \$3,291,445 before costs.

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

| Item | Proceeds of the Offer | Full Subscription (\$) | % |
|------|--|------------------------|----------------|
| 1 | Menzies Resource Definition Drilling | 1,000,000 | 30.38% |
| 2 | Menzies Exploration Drilling | 600,000 | 18.23% |
| 3 | Goongarrie Exploration Drilling | 500,000 | 15.19% |
| 4 | Mineral Resource Estimates and Scoping Studies - Menzies | 100,000 | 3.04% |
| 5 | Expenses of the Offer ¹ | 272,426 | 8.28% |
| 6 | Working Capital | 819,019 | 24.88% |
| | Total | 3,291,445 | 100.00% |

Notes:

1. Refer to Section 6.8 for further details relating to the estimated expenses of the Offer.
2. As announced on 10 August 2020, the Company has agreed to sell the tenements comprising its non-core Goongarrie Lady, Crawford's and Gambier Lass North projects for an aggregate sum of \$2.1 million. Funds raised from the sales, assuming completion, will be used to augment existing working capital. The agreements remain subject to customary conditions, which are expected to be satisfied expeditiously. In the unlikely event that the sales do not complete, the Company will still have sufficient working capital to carry out its stated objectives.

It should be noted that the Company's budgets and forecasts will be subject to modification on an ongoing basis depending on the results achieved from its proposed exploration and work program.

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 including, without limitation, using additional funds from the sale of non-core assets to expedite its exploration program at the Menzies project.

3.2 Effect of the Offer

The principal effect of the Offer, assuming the Offer is fully subscribed and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, will be to:

- (a) increase the cash reserves by \$3,019,019 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 121,905,376 as at the date of this Prospectus to 146,286,451 Shares.

3.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming the Offer is fully subscribed and no Shares are issued on exercise or conversion of other Securities on issue prior to the Record Date, is set out below.

Shares

| | Number |
|--|--------------------|
| Shares currently on issue | 121,905,376 |
| Shares offered pursuant to the Offer | 24,381,075 |
| Total Shares on issue after completion of the Offer | 146,286,451 |

Options

| Options currently on issue | Number |
|--|-------------------|
| Unquoted Options exercisable at \$0.20 on or before 30 June 2021 | 15,750,000 |
| Unquoted Options exercisable at \$0.39 on or before 30 June 2022 | 2,700,000 |
| Unquoted Options exercisable at \$0.54 on or before 30 June 2022 | 5,150,000 |
| Total Options on issue as at the date of this Prospectus | 23,600,000 |
| Total Options on issue after completion of the Offer | 23,600,000 |

Share Appreciation Rights

| Share Appreciation Rights currently on issue | Number |
|--|------------------|
| Share Appreciation Rights with a strike price of \$0.28, expiring 7 October 2024 | 2,970,000 |
| Total Performance Rights on issue after completion of the Offer | 2,970,000 |

Notes:

1. The terms and conditions of the Share Appreciation Rights are set out in Schedule 2 of the Company's Notice of Annual General Meeting dated 18 October 2019.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 148,475,376 Shares and on completion of the Offer (assuming all Entitlements are accepted and no additional Shares are issued prior to the Record Date) would be 172,856,451 Shares.

As at the date of this Prospectus 20,000,000 Shares are subject to voluntary escrow until 18 March 2021. No other Shares, Options or Performance Rights on issue are subject to escrow restrictions, either voluntary or ASX imposed.

3.4 Pro-forma balance sheet

The unaudited balance sheet as at 30 June 2020 and the unaudited pro-forma balance sheet as at 30 June 2020 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options or convertible securities are exercised prior to the Record Date and including expenses of the Offer.

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

| | 30 June 2020 (UNAUDITED) A\$ | Pro Forma (UNAUDITED) A\$ |
|--|------------------------------------|---------------------------------|
| Current Assets | | |
| Cash and cash equivalents | 2,781,402 | 5,800,421 ¹ |
| Receivables | 211,739 | 211,739 |
| Exploration assets held for sale | 636,692 | 636,692 |
| Total Current Assets | 3,629,833 | 6,648,852 |
| | | |
| Non-Current Assets | | |
| Exploration and evaluation expenditure | 14,060,951 | 14,060,951 |
| Right of use asset | 58,685 | 58,685 |
| Plant and equipment | 54,785 | 54,785 |
| Total Non-Current Assets | 14,174,421 | 14,174,421 |
| Total Assets | 17,804,254 | 20,823,273 |
| | | |
| Current Liabilities | | |
| Creditors and other payables | 4,635,292 | 4,635,292 |
| Lease liabilities | 36,764 | 36,764 |
| Provisions | 11,767 | 11,767 |
| Total Current Liabilities | 4,683,823 | 4,683,823 |
| | | |
| Non-current Liabilities | | |
| Provisions | 22,863 | 22,863 |
| Total Non-current Liabilities | 22,863 | 22,863 |
| Total Liabilities | 4,706,686 | 4,706,686 |
| Net Assets | 13,097,568 | 16,116,587 |
| | | |
| Equity | | |
| Issued Capital | 17,925,197 | 20,944,216 ¹ |
| Reserve | 1,991,951 | 1,991,951 |
| Accumulated losses | (6,819,580) | (6,819,580) |

| | 30 June 2020 (UNAUDITED) A\$ | Pro Forma (UNAUDITED) A\$ |
|---------------------|------------------------------------|---------------------------------|
| Total Equity | 13,097,568 | 16,116,587 |

Notes:

1. Includes net proceeds of the Offer (being \$3,291,445 less estimated costs of \$272,426).
2. As announced on 10 August 2020, the Company has agreed to sell the tenements comprising its non-core Goongarrie Lady, Crawford's and Gambier Lass North projects for an aggregate sum of \$2.1 million. The proceeds from the sales have not been included in the pro-forma balance sheet on the basis that the agreements remain subject to customary conditions and are yet to complete.

4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

4.1 Rights and liabilities attaching to Shares

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

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

(a) General meetings

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

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

(b) Voting rights

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

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

(c) Dividend rights

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

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

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

(d) **Winding-up**

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

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

(e) **Shareholder liability**

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

(f) **Transfer of shares**

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

(g) **Future increase in capital**

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

(h) **Variation of rights**

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

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

(i) **Alteration of constitution**

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

5. RISK FACTORS

5.1 Introduction

The Shares offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 5, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 5 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

5.2 Company specific

(a) Potential for dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no additional Shares are issued prior to the Record Date the number of Shares in the Company will increase from 121,905,376 currently on issue to 146,286,452. This means that immediately after the Offer each Share will represent a significantly lower proportion of the ownership of the Company.

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

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.16 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(b) Sale of Non-core Assets

As announced on the 10 August 2020, the Company has agreed to sell the following non-core assets, for an aggregate sum of \$2.1 million (**Disposal**):

- (i) M29/420 and L29/109 and related mining information (Goongarrie Lady); and
- (ii) M37/1202, E37/893 and P37/8901 (Crawford's and Gambier Lass North).

Completion of the Disposal remains subject to the satisfaction of the outstanding conditions precedent to the respective tenement sale agreements, all of which are customary for agreements of this nature and are expected to be satisfied expeditiously.

Notwithstanding the above, there is a risk that the conditions for settlement of the Disposal cannot be fulfilled. If the Disposal is not completed, the Company will not receive any proceeds from the sales, which have been earmarked to fund exploration and development drilling at the Menzies Project and Greenfields exploration at the Goongarrie Project.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company is likely to 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 and scale back its exploration programmes as the case may be. There is however 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.

(d) **Coronavirus (COVID-19)**

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. 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 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

As announced on 28 April 2020, the direct impacts on the Company from COVID-19 have been minimal. The Company's staff and contractors have been able to continue to carry out their duties whilst adhering to governmental directs. The Company has implemented working-from-home procedures as required.

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 continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on its revenue channels and any adverse impact on the Company. If any of these impacts appear material prior to close of the Offer, the Company will notify investors under a supplementary prospectus.

(e) **Exploration success**

The future profitability of the Company and the value of its securities are directly related to the results of exploration. The tenements held by the Company are at various stages of exploration and development, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited. In addition, the resources may become depleted, resulting in a reduction of the value of those tenements.

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

(f) **New projects and acquisitions**

The Company has to date and will continue to actively pursue and assess other new project opportunities. These new project opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation.

The acquisition of projects or other assets (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess, at that time, the funding allocated to current projects and new projects or assets, which may result in the Company reallocating funds from other projects and/or the raising of additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

Any new project acquisition may change the risk profile of the Company, particularly if the new project is located in another jurisdiction, involving a new commodity and/or changes to the Company's capital/funding requirements. Should the Company propose or complete the acquisition of a new project, investors should re-assess their investment in the Company in light of the new project.

(g) **Tenement applications and license renewal**

The Company cannot guarantee additional applications for tenements made by the Company will ultimately be granted, in whole or in part. Further the Company cannot guarantee that renewals of valid tenements will be granted on a timely basis, or at all. The Company has yet to receive regulatory and environmental approval to convert all of its exploration licences into mining licences. There is a risk that these approvals may not be obtained.

(h) **Access Risk**

The Company's access to the tenements may be affected by landholder and pastoralist approvals, native title rights and/or the terms of native title agreements. While the Company intends to do those things necessary to minimise these risks, it cannot guarantee that the access it has to tenements in which it has an interest will remain unfettered in the future.

(i) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(j) **Environmental risks**

Exploration programmes impact on the environment. These impacts are minimised by the Company's application of best practice principles. The Company will be subject to environmental laws and regulations in connection with activities and operations it may pursue. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject it to extensive liability.

Approval may be required from the relevant authorities before the Company can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

(k) **Further risks specific to the Company**

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

- (i) geological conditions;
- (ii) alteration to exploration and production programmes and budgets;

- (iii) unanticipated operational and technical difficulties;
- (iv) mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (v) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- (vi) prevention or restriction of access due to inability to obtain consents or approvals (including access agreements entered into with Native Title claimants); and
- (vii) uninsured losses or liabilities.

5.3 Industry specific

(a) Commodity price risk

Changes in commodity prices of base and precious metals, which in the past have fluctuated widely, will affect the profitability of the Company's operations and its financial condition in the future, if and when the Company enters production. The Company's revenues, profitability and viability would depend on the market price of base metals produced from the Company's projects. The market prices of base and precious metals is set in the world market and is affected by numerous industry factors beyond the Company's control including the demand, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for base and precious metals and industrial products containing metals, base and precious metals production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and procedures of base and precious metals in response to any of the above factors, and global and regional political and economic factors.

Should the Company eventually enter a production phase, a decline in the market price of base and precious metals below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Company's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects. A decline in the market price of base and precious metals may also require the Company to write-down its material reserves which would have a material adverse effect on the value of the Company's securities. Further, if future revenue from any future base and precious metals sales decline, the Company may experience liquidity difficulties. The Company will also have to assess the economic impact of any sustained lower prices on recoverability and therefore, on cut-off grades and the level of any future mineral reserves and resources.

(b) Mineral Resources Estimate

Mineral Resource estimates are expressions of judgement 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 interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(c) **Native title and Aboriginal Heritage**

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.

(d) **Operations**

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

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

5.4 General risks

(a) **Economic**

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

(b) **Market conditions**

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

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;

- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

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

(c) **Litigation**

The Company may in the ordinary course of business become involved in litigation and disputes, for example with agents, contractors or third parties in respect of land access to its tenements. Any such litigation or dispute could involve significant economic costs and damage to relationships with agents, contractors other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

(d) **Taxation**

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

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

5.5 Speculative investment

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares.

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

There is no guarantee that the Shares offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Shares.

Before deciding whether to subscribe for Shares under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

6. ADDITIONAL INFORMATION

6.1 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.

6.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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

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

| Date | Description of Announcement |
|------------|--|
| 24/08/2020 | Appendix 2A |
| 20/08/2020 | Trading Halt |
| 19/08/2020 | Unlocking a Major Goldfield – the next 12 months |

| Date | Description of Announcement |
|------------|--|
| 13/08/2020 | Change in substantial holding |
| 10/08/2020 | Kingwest Sells Non-Core assets for \$2.1M |
| 03/08/2020 | Restricted Securities to be Released from Escrow |
| 03/08/2020 | Change in substantial holding |
| 28/07/2020 | Exploration to Commence at Goongarrie Gold Project |
| 27/07/2020 | Quarterly Activities Report and Appendix 5B |
| 23/07/2020 | Significant increase in gold resources at Menzies |
| 07/07/2020 | Stirling Lodes extended, Success at Menzies Central Zone |
| 01/06/2020 | High-Grade Gold continues at deepest level yet in Menzies |
| 28/04/2020 | Quarterly Activities Report and Appendix 5B |
| 17/04/2020 | NTM: Significantly Expands Redcliffe Ground Holding |
| 16/04/2020 | Goongarrie Lady Scoping Study |
| 14/04/2020 | Highest grades yet returned at Menzies Gold Project |
| 27/03/2020 | Drilling Update at Menzies Gold Project |
| 16/03/2020 | KWR grows Menzies and Goongarrie Resources past 250,000oz |
| 11/03/2020 | Exploration Targets delineated at Menzies |
| 06/03/2020 | Half Year Accounts |
| 04/03/2020 | Drilling commences at Menzies |
| 27/02/2020 | Notice Under Section 708A and Appendix 2A |
| 20/02/2020 | Proposed issue of Securities - KWR |
| 20/02/2020 | Placement |
| 18/02/2020 | Trading Halt |
| 14/02/2020 | Pericles Gold Resource almost doubles at Menzies |
| 12/02/2020 | Open high-grade gold mineralisation continues at Menzies |
| 10/02/2020 | Investor Presentation |
| 07/02/2020 | Drilling contractor engaged for Menzies RC drilling |
| 06/02/2020 | High-Grade Menzies Gold Mineralisation Open at Depth |
| 05/02/2020 | Tenement Consolidation continues at Menzies |
| 05/02/2020 | Proposed issue of Securities - KWR |
| 29/01/2020 | Quarterly Cashflow Report |
| 29/01/2020 | Quarterly Activities Report |
| 20/01/2020 | Change of Share Registry |
| 6/12/2019 | Addendum-Bonanza Gold Grades in Final Drill Holes at Menzies |
| 16/12/2019 | Bonanza Gold Grades in Final Drill Holes at Menzies |
| 09/12/2019 | New High-Grade Lode Discovered in Menzies Drilling |

| Date | Description of Announcement |
|------------|--|
| 06/12/2019 | Change of Principal Place of Business |
| 28/11/2019 | Change of Director's Interest Notice |
| 27/11/2019 | High Grade Gold Discovery Validates Strategy at Menzies |
| 26/11/2019 | Initial Director's Interest Notice |
| 26/11/2019 | Final Director's Interest Notice |
| 26/11/2019 | Board Changes at Kingwest |
| 25/11/2019 | Appendix 3B |
| 22/11/2019 | Results of Meeting |
| 12/11/2019 | Sydney 121 Conference Presentation |
| 30/10/2019 | Quarterly Cashflow Report |
| 30/10/2019 | Quarterly Activities Report |
| 25/10/2019 | First Holes at Menzies Deliver High Grade Gold |
| 18/10/2019 | Notice of Annual General Meeting/Proxy Form |
| 15/10/2019 | Clarifying Announcement - Issue of Share Appreciation Rights |
| 10/10/2019 | Appendix 3B |
| 27/09/2019 | Becoming a substantial holder |
| 24/09/2019 | Drilling Commences at Menzies Gold Project |
| 20/09/2019 | Release from Escrow |
| 19/09/2019 | Change of Director's Interest Notice |
| 18/09/2019 | Final Director's Interest Notice |
| 18/09/2019 | Initial Director's Interest Notice x2 |
| 18/09/2019 | Change of Director's Interest Notice x3 |
| 18/09/2019 | Appendix 3B and Notice Under Section 708A |
| 18/09/2019 | HRZ: COMPLETION-MENZIES AND GOONGARRIE GOLD PROJ DIVESTMENT |
| 18/09/2019 | Menzies Gold Project Acquisition Completed |
| 17/09/2019 | Change in substantial holding |
| 11/09/2019 | Appendix 4G and Corporate Governance Statement |
| 11/09/2019 | Annual Report 2019 |

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

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

6.3 Market price of Shares

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

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

| | (\$) | Date |
|---------|---------|---------------------|
| Highest | \$0.215 | 27 and 28 July 2020 |
| Lowest | \$0.12 | 25 June 2020 |
| Last | \$0.16 | 19 August 2020 |

6.4 Material Contracts.

6.4.1 Underwriting Agreement

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with the Underwriter, pursuant to which the Underwriter has agreed to fully underwrite the Offer.

The Underwriter may, at its discretion, appoint sub-underwriters to sub-underwrite the Offer. The Underwriter must ensure that no sub-underwriter (together with their associates) acquires a relevant interest in more than 20% of the issued Shares of the Company as a result of sub-underwriting the Offer.

The material terms and conditions of the Underwriting Agreement are summarised below:

| | |
|---------------------------|--|
| Fees | <p>On Completion, the Company must pay (in aggregate) to the Underwriter in cleared funds:</p> <ul style="list-style-type: none"> (a) a management fee of 2% of the total gross amount raised under the Offer (being approximately \$65,829); and (b) an underwriting fee of 4% of the total gross amount raised under the Offer (being approximately \$131,658); and (c) a corporate advisory fee of \$30,000. <p>The Company has also agreed to reimburse the Underwriter for all reasonable out-of-pocket expenses (including GST) incurred by the Underwriter in connection with the Offer including reasonable legal expenses of the Underwriter up to a maximum of \$10,000 (provided that the Underwriter must seek the approval of the Company before incurring any single item of expense of an amount in excess of \$2,000 (before GST)).</p> |
| Termination Events | <p>The Underwriter may at any time by notice given to the Company immediately, without cost or liability to itself, terminate the Underwriting Agreement so that it is relieved of all its obligations under the Underwriting Agreement if any of the following events occurs before all of the Shares offered under the Offer (Offer Shares) have been issued:</p> <ul style="list-style-type: none"> (a) Indices fall Any of the Australian All Ordinaries Index, S&P/ASX200 Index, S&P/ASX300 Metals and Mining Index or ASX S&P Small Resources Index is at any |

time after the date of the Underwriting Agreement, 10% or more below its respective level as at the close of trading on the Business Day prior to the date of the Underwriting Agreement.

(b) **Share Price**

The Shares of the Company close on three consecutive days less than \$0.135.

(c) **Prospectus**

The Company does not issue the Prospectus in accordance with the timetable set out in Section 1.1 (**Timetable**) or the Prospectus or the Offer is withdrawn by the Company.

(d) **No Official Quotation**

Official Quotation of the Offer Shares has not been granted by the issue date (as specified in the Timetable) or, having been granted, is subsequently withdrawn, withheld or qualified.

(e) **Supplementary Prospectus**

- (i) the Underwriter, 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 (z) below, forms the view on reasonable grounds that a document supplementing, updating or replacing the Prospectus should be issued for any of the reasons referred to in the Corporations Act and the Company fails to issue a document supplementing, updating or replacing the Prospectus in such form and content and within such time as the Underwriter may reasonably require; or
- (ii) the Company issues a document supplementing, updating or replacing the Prospectus without the prior written agreement of the Underwriter.

(f) **Non-compliance with disclosure requirements**

It transpires that the Prospectus does not contain all the information required by the Corporations Act or ASIC Regulatory Guide 228.

(g) **Misleading Prospectus**

It transpires that 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 or if any statement in the Prospectus becomes or 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 in a material respect.

(h) **Restriction on allotment**

The Company is prevented from allotting the Offer Shares within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority.

(i) **Withdrawal of consent to Prospectus**

Any person (other than the Underwriter) 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.

(j) **Offer of refund to investors**

Any circumstance arises after lodgement of the Prospectus that results in the Company either repaying the money received from persons who have applied for Offer Shares or offering persons who have applied for Offer Shares an opportunity to withdraw their application for Offer Shares and be repaid their application money.

(k) **ASIC and ASX Waivers**

Any ASIC exemptions or ASX waivers obtained in connection with the Offer are withdrawn, revoked or amended without the prior written approval of the Underwriter.

(l) **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 by the date by which the Company must notify the Company of any shortfall to the Offer (in accordance with the Timetable).

(m) **Takeovers Panel**

The Takeovers Panel makes a declaration that circumstances in relation to Offer (other than due to any act or omission of the Underwriter) are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel.

(n) **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 (other than due to any act or omission of the Underwriter) in a manner unacceptable to the Underwriter.

(o) **Indictable offence**

A director or senior manager of the Company or any subsidiary (each, a **Relevant Company**) is charged with an indictable offence.

(p) **Removal or Suspension**

The Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within two (2) business days.

(q) **Section 730 notice**

A person gives a notice to the Company under section 730.

(r) **Directors and senior management**

A change in the Directors or senior management of the Company or the Directors occurs (other than in a manner described in the Prospectus), or a Director or any member of the senior management of the Company dies or becomes permanently incapacitated.

(s) **Debt facilities**

- (i) any Relevant Company breaches, or defaults under, any provision, undertaking, covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which has, or may have, a Material Adverse Effect on any Relevant Company; or
- (ii) there occurs:
- (iii) an event of default;
- (iv) a review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing; or
- (v) any other similar event,
- (vi) under or with respect to any such debt or financing arrangement or related documentation of the any Relevant Company,

and in respect of the occurrence of any of the following events, the event (or two or more events together), in the reasonable opinion of the Underwriter, has or is likely to have a Material Adverse Effect or could give rise to a liability of the Underwriter:

(t) **Hostilities**

There is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, Ukraine, the

United Kingdom, the United States of America, India, Pakistan, or the Peoples 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.

(u) **Default**

Default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking which is not remedied within 7 days after receipt of written notice from the Underwriter.

(v) **COVID-19**

The Underwriter believes (acting reasonably) that a materially adverse change in the operations, assets, liabilities, financial position or performance, profits, losses or prospects of any Relevant Company (insofar as the position in relation to any Relevant Company affects the overall position of the Company) has occurred as a direct or indirect result of the coronavirus disease 2019 (COVID-19) or the transmission of the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). This includes, without limitation, a materially adverse change as a direct or indirect result of an outbreak of COVID-19 or the transmission of SARS-CoV-2 at any of the mine sites owned or operated by any Relevant Company, or the temporary, complete or partial closure of or disruption to any of those mine sites due to an outbreak of COVID-19, a transmission of SARS-CoV-2, a direction of a Government Agency, or otherwise.

(w) **Incorrect or untrue representation**

Any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect (other than due to any act or omission of the Underwriter).

(x) **Error in Due Diligence Results**

It transpires that any of the due diligence results or any part of the verification materials associated with the Offer were false, misleading or deceptive or that there was an omission from them.

(y) **Contravention of constitution or Corporations Act**

A contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX.

(z) **Adverse change**

An event occurs (other than due to any act or omission of the Underwriter) which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time.

(aa) **Significant change**

A new circumstance arises or there is a defect in the Prospectus Corporations Act that is materially adverse from the point of view of an investor (other than due to any act or omission of the Underwriter).

(bb) **Public statements**

Without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus.

(cc) **Misleading information**

Any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive in any material respect.

(dd) **Official Quotation qualified**

The Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation" (or to the extent which recognises that securities are yet to be issued).

(ee) **Change in Western Australian legislation 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 Western Australian legislation or prospective Western Australian legislation 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.

(ff) **Prescribed Occurrence**

A Prescribed Occurrence occurs.

- (gg) **Suspension of debt payments**
The Company suspends payment of its debts generally.
- (hh) **Event of Insolvency**
An event of insolvency occurs in respect of a Relevant Company.
- (ii) **Judgment against a Relevant Company**
A judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 14 days.
- (jj) **Litigation**
Litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company, other than any claims foreshadowed in the Prospectus or by or resulting from any act or omission of the Underwriter.
- (kk) **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 completion of the Offer without the prior written consent of the Underwriter.
- (ll) **Change in shareholdings**
There is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company.
- (mm) **Timetable**
There is a delay in any specified date in the Timetable due to the neglect or default of the Company which is greater than 1 business day (unless consented to or requested by the Underwriter).
- (nn) **Force Majeure**
A force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs.
- (oo) **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 the Underwriter.
- (pp) **Capital Structure**
Any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus.

| | |
|--|---|
| | <p>(qq) Investigation</p> <p>Any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company.</p> <p>(rr) Market Conditions</p> <p>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, Japan, the United Kingdom, the United States of America or other international financial markets which continues for two or more consecutive Business Days.</p> |
|--|---|

The Underwriting Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties, indemnities and confidentiality provisions).

6.4.2 Mandate Letter

The Company and the Underwriter have entered into a mandate agreement, whereby the Underwriter was appointed to act as Lead Manager and Underwriter to the Offer (**Mandate**). The parties subsequently entered into the Underwriting Agreement which, with respect to the terms and conditions of the Underwriting, supersedes the Mandate, however the Mandate remains extant insofar as managing the Offer.

The Underwriter will receive those fees set out in Section 6.4.1 above for services provided pursuant to the Mandate which, for the avoidance of doubt, will not be duplicated.

The Mandate is otherwise made on standard terms and conditions.

6.5 Interests of Directors

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

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

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

- (d) as an inducement to become, or to qualify as, a Director; or

- (e) for services provided in connection with:
- (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set in Section 1.4.

Remuneration

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

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

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

| Director | FY 2020 (\$) | FY 2021 (\$) |
|------------------------------|---------------------|---------------------|
| Adrian Byass | 96,990 | 60,000 |
| Jonathan Downes | 26,158 | 43,800 |
| Jon Price | 34,432 | 43,800 |
| Stephen Brockhurst | 56,608 | 40,000 |
| Peter Bennetto ² | 14,235 | - |
| Stephen Woodham ³ | 59,145 | - |

Notes:

1. These amounts include superannuation and share-based payment
2. Mr Bennetto resigned from the Company on 18 September 2019
3. Mr Woodham resigned from the Company 26 November 2019

6.6 Interests of experts and advisers

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

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

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

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

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

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

Canaccord has acted as the lead manager and underwriter of the Offer. The Company estimates it will pay Canaccord \$227,486 (excluding GST and disbursements) for these services.

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

6.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

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

Canaccord has given its written consent to being named as lead manager and underwriter to the Offer in this Prospectus, in the form and context in which it is named. Canaccord (including its related entities) is not a Shareholder of the Company and currently has no relevant interest in any of the Company's securities.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

6.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$272,426 (excluding GST) and are expected to be applied towards the items set out in the table below:

| | \$ |
|-------------------------------|----------------|
| ASIC fees | 3,206 |
| ASX fees | 11,733 |
| Underwriting fee ¹ | 227,487 |
| Legal fees | 10,000 |
| Printing and distribution | 15,000 |
| Miscellaneous | 5,000 |
| Total | 272,426 |

Notes:

1. Refer to Section 6.4.1 for a summary of the material terms of the Underwriting Agreement, including details of the fees payable to the Underwriter.

7. 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.

Adrian Byass
Non-Executive Chairman
For and on behalf of
KINGWEST RESOURCES LIMITED

8. GLOSSARY

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

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

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

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

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

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

Closing Date means the date specified in the timetable set out at Section 1 (unless extended).

Company means Kingwest Resources Limited (ACN 624 972 185).

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.

Eligible Shareholder means a Shareholder as at the Record Date who is eligible to participate in the Offer.

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

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

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Offer Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Offer Shares); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole; or

- (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of this Agreement; or
- (d) a material adverse effect on the tax position of either:
 - (i) the Company and its subsidiaries either individually or taken as a whole; or
 - (ii) an Australian resident shareholder in the Company.

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

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Prescribed Occurrence means:

- (a) a Relevant Company converting all or any of its shares into a larger or smaller number of Shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
 - (i) entering into a buy-back agreement or;
 - (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act.
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer, terms of the Underwriting Agreement, or upon the exercise of any Options currently on issue;
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or

(m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at Section 1.

Section means a section of this Prospectus.

Securities means Shares as the context requires.

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

Shareholder means a holder of a Share.

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

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

Shortfall Offer means the offer of the Shortfall Securities on the terms and conditions set out in Section 2.6.

Shortfall Securities means those Securities not applied for under the Offer (if any) and offered pursuant to the Shortfall Offer.

Total Proceeds means \$3,291,445

Underwriter means Canaccord Genuity (Australia) Limited (ACN 075 071 466) (AFSL 234 666)

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