



PROSPECTUS

For an offer of up to a total of 60 million Shares at an issue price of \$0.25 per Share to raise up to \$15 million through:

- (a) a priority offer of up to 10 million Shares to Eligible Shareholders to raise up to \$2.5 million (Priority Offer); and
- (b) a general offer of up to 50 million Shares together with any shortfall under the Priority Offer (General Offer),

(together the Offer).

Joint Lead Managers

EUROZ HARTLEYS



IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

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

Legal Advisor
STEINPREIS PAGANIN
Lawyers & Consultants 

CORPORATE DIRECTORY

Directors

Dr Roger Higgins
Non-Executive Chairman

Andrew Woskett
Managing Director

Dr Antonio Belperio
Non-Executive Director

George Mckenzie
Non-Executive Director

Company Secretary

Varis Lidums

Proposed ASX Code

DRM

Registered Office

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Email: admin@demetallica.com.au
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Tenement Solicitors

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Investigating Accountant

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152-158 St Georges Terrace
Perth WA 6000

Auditor

Grant Thornton Audit Pty Ltd
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170 Frome Street
Adelaide SA 5000

Independent Geologist

Agricola Mining Consultants Pty Ltd
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Joint Lead Managers

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Perth WA 6000
Telephone: +61 8 9224 6888

Euroz Hartleys
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Financial Advisor

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Perth WA 6000

Share Registry*

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide, SA, 5000

Telephone (during office hours):
Within Australia: 1300 850 505
Outside Australia: +61 3 9415 4000

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

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IMPORTANT NOTICE

This Prospectus is dated 8 April 2022 and was lodged with the ASIC on that date. The ASIC, the ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

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

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

No offering where offering would be illegal

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions, including those set out below. Failure to comply with these restrictions may violate securities laws.

This Prospectus does not constitute an offer in any place in which, or to any person to whom,

it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be distributed outside Australia except to institutional and professional investors in transactions exempt from local prospectus or registration requirements, as contemplated below.

US securities law matters

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the US. In particular, the Shares have not been, and will not be, registered under the United States Shares Act of 1933, as amended (the US Securities Act), and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act.

Each applicant will be taken to have represented, warranted and agreed as follows:

- (a) it understands that the Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the US, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- (b) it is not in the United States;
- (c) it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- (d) it will not offer or resell the Shares in the United States or in any other jurisdiction outside Australia.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.demetallica.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 resident and must only access this Prospectus from within Australia.

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 8132 3400 during office hours or by emailing the Company at admin@demetallica.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 document or other information available on the Company's website is incorporated into this Prospectus by reference.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

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 Shares under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks

associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to Section D of the Investment Overview as well as Section 7 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

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.

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 7.

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.

Competent Persons statement

The information in the Investment Overview Section of the Prospectus, included at Section 3, the Company and Projects Overview, included at Section 5, and the Independent Technical Assessment Report, included at Annexure A of the Prospectus, which relate to exploration targets, exploration results, mineral resources or ore reserves is based on information compiled by Malcolm Castle of Agricola Mining Consultants Pty Ltd. Malcolm Castle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the **'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'** (the JORC Code). Malcolm Castle is a full time employee of Agricola Mining Consultants Pty Ltd. Malcolm Castle and Agricola Mining Consultants Pty Ltd consents to the inclusion of the information in these Sections of the Prospectus in the form and context in which it appears.

Continuous disclosure obligations

Following admission of the Company to the Official List, the **Company will be a "disclosing entity"** (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be 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 Shares.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market

participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

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 Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under 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 12.

All references to time in this Prospectus are references to Australian Central 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 Shares 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 Shares, the Company may not be able to

accept or process your application.

Use of Trademarks

This Prospectus includes the **Company's registered and** unregistered trademarks.

All other trademarks, tradenames and service marks appearing in this Prospectus are the property of their respective owners.

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 Offer or how to accept the Offer please call the Company Secretary on +61 8 8132 3400.

1. CHAIRMAN'S LETTER

Dear Demetallica shareholder and prospective new Investor

On behalf of the Board of Directors, it gives me great pleasure to invite you to upsize your founding holding in Demetallica Ltd (Company or Demetallica) or, as the case may be, become a new shareholder of Demetallica.

Demetallica strengths and prospects arise from the demerger of non-kaolin related assets from Minotaur Exploration Limited (Minotaur) on 21 January 2022. That separation resulted in Minotaur's 3,263 shareholders automatically becoming the founding shareholders of Demetallica.

With growing global demand for energy transition minerals such as copper, zinc and gold Demetallica is poised to embark on its quest to meaningfully contribute to the civilisation building metals supply side.

The Company benefits from the past decade of intensive minerals exploration and resource definition work carried out by Minotaur. Demetallica will continue on that pathway, focussed primarily on copper-gold exploration within Australia. Presently, its main assets are exploration prospects in far north Queensland (Cloncurry region) and in the far north of South Australia. Complementary assets comprise VMS base metals prospects and gold mineralised ground in Queensland plus a high-quality gypsum deposit in South Australia.

With a range of projects spanning from early/concept stage opportunities to advanced exploration to resource expansion status, Demetallica has a spectrum of opportunity for success and growth in shareholder value. Its management, Board and team are qualified in both width and depth and demonstrate consistency in both technical and corporate expertise and high standards of corporate governance, providing assurance that your investment will be effectively put to work on the Company's business.

Demetallica has developed the work plan mapped out in this document. On-the-ground activity is detailed, sequenced and resourced, ready to start immediately after Demetallica secures a listing on ASX.

This Prospectus is seeking to raise a minimum of \$12 million and a maximum of \$15 million via the issue of Shares at an issue price of \$0.25 per Share under the Offer. The purpose of the Offer is to provide funds to implement the Company's business strategy (explained in Section 5).

This Prospectus is issued for the purpose of supporting an application to list the Company on ASX. This Prospectus contains detailed information about the Company, its business and the Offer, as well as the risks of investing in the Company, and I encourage you to read it carefully. The Shares offered by this Prospectus should be considered highly speculative.

I look forward to your joining us as a continuing or new Shareholder and sharing in what bode to be exciting and prospective times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Yours sincerely



Dr Roger Higgins
Non-Executive Chair

2. KEY OFFER INFORMATION

INDICATIVE TIMETABLE¹

Lodgement of Prospectus with the ASIC	8 April 2022
Exposure Period begins	8 April 2022
Opening Date of General Offer, Priority Offer and Cleansing Offer	16 April 2022
Closing Date of Priority Offer	22 April 2022
Closing Date of General Offer	29 April 2022
Issue of Shares under the Offers	4 May 2022
Despatch of holding statements	9 May 2022
Expected date for quotation on ASX	Week commencing 16 May 2022
Closing Date of Cleansing Offer	10 Business Days following commencement of trading on ASX

1. The above dates are indicative only and may change without notice. Unless otherwise indicated, all time given are CST. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice (although the closing date for the Priority Offer will not change). The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to applicants.
2. If the Offer is cancelled or withdrawn before completion of the Offer, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their applications as soon as possible after the Offers open.

KEY STATISTICS OF THE OFFER

	Minimum Subscription (\$12m) ¹	Maximum Subscription (\$15m) ²
Offer Price per Share	\$0.25	\$0.25
Shares currently on issue	28,286,410	28,286,410
Options currently on issue	Nil	Nil
Shares to be issued under the Offer	48,000,000	60,000,000
Gross Proceeds of the Offer	\$12,000,000	\$15,000,000
Addition Share issues prior to Listing ³	7,476,840	7,476,840
Shares on issue at Listing ⁴	83,763,250	95,763,250
Market Capitalisation at Listing ⁵	\$20,940,813	\$23,940,813
Shares to the value of \$1,582,360 to be subscribed for by Oz Minerals post listing ⁶	6,329,440	6,329,440
Shares on issue Post-OZ Minerals Subscription	90,092,690	102,092,690

	Minimum Subscription (\$12m) ¹	Maximum Subscription (\$15m) ²
Market Capitalisation Minerals Subscription ⁵ Post-OZ	\$22,523,173	\$25,523,173

Notes:

1. Assuming the Minimum Subscription of \$12 million is achieved under the Offer.
2. Assuming the Maximum Subscription of \$15 million is achieved under the Offer.
3. Prior to Listing, the Company will be required to issue 7,476,840 Shares to Sandfire Resources Limited pursuant to the asset sale agreement between the Company and Sandfire. Refer to Section 9.2.1 for a summary of the agreement pursuant to which these Shares will be issued.
4. Certain Shares on issue post-listing may be subject to ASX-imposed escrow. Refer to Section 5.15 for a disclaimer with respect to the likely escrow position.
5. Assuming a Share price of \$0.25, however the Company notes that the Shares may trade above or below this price.
6. Assuming a 5 day VWAP of \$0.25, however the Company notes that the Shares may trade above or below this price. Refer to Section 9.2.2 for further information.

3. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
A. Company		
Who is the issuer of this Prospectus?	Demetallica Limited (ACN 061 595 051) (Company or Demetallica).	
Who is the Company?	<p>The Company was originally incorporated in 1993 and has, since 2013, been a wholly owned subsidiary of Minotaur.</p> <p>On 7 January 2022, the Company was converted to a public company limited by shares, and on 20 January 2022, shareholders of Minotaur approved the transfer of certain assets to the Company and the demerger of the Company from Minotaur, effective on 21 January 2022.</p> <p>The Company now holds a number of assets that were previously assets of Minotaur.</p>	Section 5.1
What is the Company's interest in the Projects?	<p>The Company holds 100% interests in the following projects:</p> <ul style="list-style-type: none"> (a) the Chimera Polymetal Project; (b) the Cannington Project; (c) the Pyramid Gold Project; (d) the Windsor VMS Project; (e) the Peake and Denison Project; and (f) the Lake Purdilla Gypsum Project, (together, the Projects). 	Section 5 and Annexure A
B. Business Model		
What is the Company's business model?	<p>The Directors intend that the Company will apply geoscientific methods to systematically advance the Company's minerals projects, specifically directed towards base metals and gold exploration, in Australia.</p> <p>Following completion of the Offer, the Company's proposed business model is to focus on exploration of and, where appropriate, development of its projects of copper, gold, lead, silver, zinc and other metals and minerals. The Company's aim is to build Shareholder value by acquiring, exploring and exploiting its mineral resource prospects.</p>	Section 5.3

Item	Summary	Further information
	<p>The Company proposes to fund its exploration activities over the first two years following listing as outlined in the table at Section 5.12.</p> <p>A detailed explanation of the Company's business model is provided at Section 5.3 and a summary of the Company's proposed exploration programs is set out at Section 5.11.</p>	
What are the key business objectives of the Company?	<p>Refer to Section 5.3 for a discussion on the Company's Business Strategy and Objectives.</p> <p>The Company's main objectives on completion of the Offer and ASX listing are:</p> <ul style="list-style-type: none"> (a) focus on mineral exploration and other resource opportunities that have the potential to deliver growth for Shareholders; (b) continue to pursue other acquisitions that have a strategic fit for the Company; (c) seek involvement in attractive third-party projects; and (d) provide working capital for the Company. 	Section 5.3
What are the key dependencies of the Company's business model?	<p>The key dependencies of the Company's business model include:</p> <ul style="list-style-type: none"> (a) maintaining title to the tenements; (b) retaining and recruiting key personnel skilled in the mining and resources sector; (c) ability to cross State boundaries in pursuance of field work plans; (d) global demand for copper, gold, zinc minerals to remain strong; and (e) the market price of copper, gold and zinc remaining comfortably higher than the Company's likely costs of any future production (assuming successful exploration and mine development by the Company). 	Section 5.3
C. Key Advantages		
What are the key advantages of an investment in the Company?	<p>The Directors are of the view that an investment in the Company provides the following non-exhaustive list of advantages:</p> <ul style="list-style-type: none"> (a) subject to raising the Minimum Subscription, the Company will have sufficient funds to implement its 	Section 5

Item	Summary	Further information
	<p>exploration work plans across its portfolio of quality assets in Australia considered by the Board to be highly prospective for base metals, gold and other minerals; and</p> <p>(b) the Company is led by a highly credible and experienced team capable of implementing the strategy, able to consider potential project developments and assess new opportunities.</p>	
D. Key Risks		
What are the key risks of an investment in the Company?	The key risks identified by the Company and outlined in this Prospectus are summarised below and otherwise contained in detail in Section 7.	Section 7
	<p>Acquisition risk</p> <p>Should the Company not complete the required steps for the acquisition of the interest of Oz Minerals in the existing joint venture, the current status quo of the joint venture with Oz Minerals will continue.</p> <p>Oz Minerals has waived certain conditions to the acquisition, and upon completion of the Offer, the Company will have sufficient funds to make the necessary cash payment required to complete this transaction.</p> <p>Exploration and operating</p> <p>The Company's mineral exploration licences are at various stages of exploration, and potential investors should understand that mineral exploration and development are high risk undertakings.</p> <p>Tenure</p> <p>Mineral tenements are subject to periodic renewal subject to the laws of each State in which they are granted. Renewals are subject to compliance with the relevant legislation and regulations.</p> <p>Access</p> <p>Certain of the Company's tenements overlap certain third-party interests that may limit the Company's ability to conduct exploration and mining activities, including pastoral leases. To ensure access, the Company has entered into land access and compensation agreements in respect of certain tenements.</p>	

Item	Summary	Further information
	<p>Dilution following listing</p> <p>As outlined in this Prospectus, immediately following listing, the Company is required to issue a number of Shares to Oz Minerals. The number of Shares to be issued will be dependent upon the trading price of the Company over the 5 days following listing on ASX. Shareholders could suffer a greater dilution of their interests if the Company's Shares trade below their issue price after the Company commences trading on ASX. In return for these Shares, the Company will receive \$1,582,360 from Oz Minerals.</p> <p>Climate risk</p> <p>The emergence of new or expended regulations associated with managing climate risk and the transitioning to a lower-carbon economy may add additional costs or compliance requirements on the Company that cannot be accurately predicted at this time.</p> <p>Exploration targets</p> <p>The Company has identified a number of exploration targets for which sufficient information is not currently available to define a mineral Resource. There is no guarantee that ongoing exploration work will be sufficient to define a Resource on these targets.</p> <p>Native title</p> <p>Where tenements are, or are later identified as being, subject to legitimate common law native title rights, the ability of the Company to gain access or to undertake exploration or project development work may be adversely affected.</p> <p>Mine development</p> <p>Possible future development of mining operations is subject to a number of factors including exploration success, receipt of necessary approvals and ongoing economic factors relating to the price of minerals (amongst others).</p>	
E. Directors and Key Management Personnel		
Who are the Directors?	<p>The Board currently consists of:</p> <p>(a) Dr Roger Higgins - Non-Executive Chairman; and</p>	Section 8.1

Item	Summary	Further information
	<p>(b) Mr Andrew Woskett – Managing Director; and</p> <p>(c) Dr Antonio Belperio – Non-Executive Director; and</p> <p>(d) Mr George McKenzie – Non-Executive Director.</p> <p>The profiles of each of the Directors are set out in Section 8.1.</p>	
What are the significant interests of Directors in the Company?	The number of Securities held by the Directors and the remuneration of the Directors is set out in Section 8.2.	Section 8.2
What related party agreements are the Company party to?	<p>The Company has a market standard, commercial lease arrangement over a warehouse facility in Adelaide. The landlord is a related party of Director, Dr Antonio Belperio.</p> <p>Otherwise, the Company has entered into executive services agreements or appointment letters with its Directors, all of which are summarised in this Prospectus.</p>	Section 9.3
F. Financial Information		
How has the Company been performing?	The audited historical financial information of the Company (including its subsidiaries) as at 31 December 2021 is set out in Section 6. Prior to 21 January 2022, the Company was a wholly owned subsidiary of Minotaur at all times over the previous 2 financial years.	Section 6 and Annexure C
What is the financial outlook for the Company?	<p>Given the current status of the Company's Projects and the speculative nature of its business, the Directors do not consider it appropriate to forecast future earnings.</p> <p>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 on a reasonable basis.</p>	Section 6 and Annexure C
G. Offers		
What is the Offer?	<p>The Company is seeking to raise up to \$15 million under this Prospectus by:</p> <p>(a) a Priority Offer to the Company's existing Shareholders of up to 10 million Shares (raising up to \$2.5 million); and</p>	Section 4.1

Item	Summary	Further information
	(b) a General Offer of 50 million Shares together with any Shares not subscribed for or issued under the Priority Offer.	
Who is eligible to participate in the Priority Offer?	All existing Shareholders of the Company are entitled to participate in the Priority Offer. All existing Shareholders are Shareholders that received their Shares through the in-specie distribution of the Company's Shares held by Minotaur on or about 3 February 2022.	Section 4.1.2
Is there a minimum subscription under the Offer?	The minimum amount to be raised under the Offers is \$12 million.	Section 4.2
What is the purposes of the Offer?	The purpose of the Offer is to facilitate an application by the Company for admission to the Official List and, to position the Company to seek to achieve the objectives stated at Section B of this Investment Overview.	Section 4
Is the Offer underwritten?	No, the Offers are not underwritten.	Sections 4.4
Who are the lead managers to the Offer?	The Company has appointed Argonaut Securities Pty Ltd and Euroz Hartleys Limited as the joint lead managers of the Offer.	Section 4.5
Who is eligible to participate in the Offer?	This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in Jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.	Section 4.13
How do I apply for Shares under the Offer?	Applications for Shares under the Offer must be made by completing the Application Form attached to this Prospectus in accordance with the instructions set out in the Application Form or otherwise following instructions provided to you by the Company or the share registry.	Section 4.8

Item	Summary	Further information
What is the allocation policy?	The Company retains an absolute discretion to allocate Shares under the Offer, and will be influenced by the factors set out in Section 4.9. There is no assurance that any applicant will be allocated any Shares, or the number of Shares for which it has applied.	Section 4.9
What will the Company's capital structure look like on completion of the Offer?	The Company's capital structure on a post-Offer basis is set out in Section 5.13.	Section 5.13
What are the terms of the Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the Shares offered under the Offer are set out in Section 10.2	Section 10.2
Will any Shares be subject to escrow?	None of the Shares issued under the Offer will be subject to escrow. However, subject to the Company complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, it is anticipated that certain Shares and other Securities already on issue will be subject to escrow imposed by ASX. Prior to listing the Company will announce the Securities subject to escrow.	Section 5.15
Who are the current Shareholders of the Company and on what terms were their Shares issued?	The Company currently has 28,864,410 Shares on issue. Those Shares are all held by previous shareholders of Minotaur who were shareholders of Minotaur on 27 January 2022.	Section 5.13
Will the Shares be quoted on ASX?	Application for quotation of all Shares to be issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus.	Section 4.11
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable in the Key Offer Information Section.	Key Offer Information
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of \$2,000 worth of Shares (8,000 Shares) and thereafter, in multiples of \$1,000 worth of Shares (4,000 Shares).	Section 4.8
Are there any conditions to the Offer?	No, other than raising the Minimum Subscription and ASX approval for	Section 4.6

Item	Summary	Further information
	quotation of the Shares, the Offer is unconditional.	
What is the Cleansing Offer?	The Cleansing Offer is a separate offer under this Prospectus made primarily for the purpose of removing any trading restrictions on the Shares issued to Sandfire Resources Limited and Oz Minerals Limited after the Offer has closed and shortly after the Company is listed on ASX based on agreements summarised in Section 10.	Section 4.10
H. Use of funds		
How will the proceeds of the Offer be used?	The Offer proceeds and the Company's existing cash reserves will be used for: (a) implementing the Company's exploration programs and objectives as set out in Part C of Investment Overview; (b) payment to OZ Minerals for acquisition of its interests in the Jericho and Eloise joint ventures; (c) expenses of the Offer; and (d) working capital, further details of which are set out in Section 5.12.	Section 5.12
Will the Company be adequately funded after completion of the Offer?	The Directors are satisfied that on completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.	Section 5.12
I. Additional information		
Is there any brokerage, commission or duty payable by applicants?	No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer. However, the Company will pay to the Joint Lead Managers various fees ranging from 2%-6% (ex GST) of amounts raised under the Prospectus.	Section 4.14
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful applicants. If the Offers do not proceed, application monies will be refunded (without interest).	Section 4.16
What are the tax implications of investing in Shares?	Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of	Section 4.15

Item	Summary	Further information
	<p>Shares subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.</p>	
What is the Company's Dividend Policy?	<p>The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Company's Projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.</p>	Section 5.17
What are the corporate governance principles and policies of the Company?	<p>To the extent applicable, in light of the Company's size and nature, the Company has adopted <i>The Corporate Governance Principles and Recommendations (4th Edition)</i> as published by ASX Corporate Governance Council (Recommendations).</p> <p>The Company's main corporate governance policies and practices and the Company's compliance are outlined in Section 8.4.</p> <p>In addition, the Company's full Corporate Governance Plan is available from the Company's website (www.demetallica.com.au).</p>	Section 8.4
Where can I find more information?	(a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser;	

Item	Summary	Further information
	<p>(b) by contacting the Company Secretary at vlidums@demetallica.com.au; or</p> <p>(c) by contacting the Share Registry on + 61 8 8236 2300.</p>	

4. DETAILS OF THE OFFERS

4.1 The Offer

The Offer is an initial public offering of up to 60 million Shares at an issue price of \$0.25 per Share to raise up to \$15 million (Maximum Subscription).

The Offer comprises:

- (a) a priority offer to Eligible Shareholders of up to 10 million Shares to raise \$2.5 million (Priority Offer); and
- (b) a general offer of 50 million Shares together with any shortfall not applied for under the Priority Offer (General Offer).

The Shares issued under the Offer will be fully paid and will rank equally with all other existing Shares currently on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 10.2.

4.1.2 Priority Offer

The Priority Offer is open to all existing Shareholders of the Company. Existing Shareholders of the Company are those that held shares in Minotaur at 5:00 pm (Adelaide time) on 27 January 2022 and who were eligible to participate in the Demerger.

Under the Priority Offer, the Company is making available to Eligible Shareholders up to 10 million Shares by completing the Priority Application Form that will be provided to each Eligible Shareholder. Application received in excess of this amount will be considered in the General Offer.

4.1.3 General Offer

The General Offer is an offer open to all parties that are legally entitled to accept the offer under this Prospectus. The General Offer will comprise a minimum of 38 million Shares (assuming only the minimum subscription is achieved) and will also include any Shares not applied for under the Priority Offer.

You can apply under the General Offer by using the Application Form accompanying this Prospectus.

4.2 Minimum subscription

The minimum subscription for the Offer is a total of \$12 million (48 million Shares) (Minimum Subscription).

If the Minimum Subscription has not been raised within four (4) months after the date of this 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.

4.3 Oversubscriptions

No oversubscriptions above the Maximum Subscription will be accepted by the Company under the Offer.

4.4 Underwriter

The Offer is not underwritten.

4.5 Joint Lead Manager

The Company has appointed Argonaut Securities Pty Ltd (AFSL 274099) and Euroz Hartleys (AFSL 230052) (Joint Lead Managers) as joint lead managers to the Offer. The Joint Lead Managers will receive a fee of up to 6% of the total amount raised under the Offer. For further information in relation to the appointment of the Joint Lead Managers, please refer to Section 9.1.1.

4.6 Conditions of the Offer

The Offer is conditional upon the following events occurring:

- (a) the Minimum Subscription to the Offer being reached; and
- (b) ASX granting conditional approval for the Company to be admitted to the Official List;

(together the Conditions).

If these Conditions are not satisfied then the Offer will not proceed and the Company will repay all application monies received under the Offer within the time prescribed under the Corporations Act, without interest.

4.7 Purpose of the Offer

The primary purposes of the Offer are to:

- (a) assist the Company to meet the admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules;
- (b) provide the Company with additional funding to:
 - (i) implement its proposed exploration programs at the Projects (as further detailed in Section 5.11);
 - (ii) consider acquisition opportunities that may be presented to the Board from time to time; and
 - (iii) **sustain the Company's working capital requirements** while it is implementing the above; and
- (c) remove the need for an additional disclosure document to be issued upon the sale of any Shares that are to be issued under the Offer.
- (d) The Company intends on applying the funds raised under the Offer together with its existing cash reserves in the manner detailed in Section 5.12.

4.8 Applications

Applicants entitled to participate in the Priority Offer should follow the instructions provided to eligible Priority Offer Shareholders accompanying this Prospectus.

If you wish to apply for Shares under the Offer, you may do so:

- using an online Application Form at <https://demetallicaipo.thereachagency.com> and pay the application monies electronically; or
- completing a paper-based application using the relevant Application Form attached to, or accompanying, this Prospectus or a printed copy of the relevant Application Form attached to the electronic version of this Prospectus.

The Application Form must be completed in accordance with the instructions set out on that Application Form.

Applications for Shares under the Offer must be for a minimum of \$2,000 worth of Shares (8,000 Shares) and thereafter in multiples of 4,000 Shares and payment for the Shares must be made in full at the issue price of \$0.25 per Share.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

- agrees to be bound by the terms of the Offer;
- declares that all details and statements in the Application Form are complete and accurate;
- declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
- declares that they have personally received the Application Form together with a complete and unaltered copy of the Prospectus;
- authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Securities to be issued to them, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Securities are suitable for them given their investment objectives, financial situation or particular needs; and
- acknowledges that the Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws.

4.8.1 How to Apply

- Online Application Form with BPAY®
Applicants in Australia may apply for Shares by applying online by following the instructions at <https://demetallicaipo.thereachagency.com> and completing a BPAY® payment. If payment is not made via BPAY®, the Application will be incomplete and will not be accepted. The online

Application Form and BPAY® payment must be completed and received by no later than the Closing Date.

For online applications, investors can apply online with payment made electronically via BPAY®. Investors applying online will be directed to use an online Application Form and make payment by BPAY®.

An Applicant must comply with the instructions on the website. An Applicant will be given a BPAY® biller code and a customer reference number (CRN) or the payment instructions unique to the online Application once the online Application Form has been completed.

BPAY® payments must be made from an Australian dollar account of an Australian financial institution. Using these BPAY® details, you must:

- (i) access your participating BPAY® financial institution either through telephone or internet banking;
- (ii) select to use BPAY® and follow the prompts;
- (iii) enter the supplied biller code and unique customer reference number;
- (iv) enter the total amount to be paid which corresponds to the value of Shares you wish to apply for under each Application;
- (v) select which account you would like your payment to come from;
- (vi) schedule your payment to occur on the same day that you complete your online Application Form. Applications without payment will not be accepted; and
- (vii) record and retain the BPAY® receipt number and date paid.

You should be aware that your own financial institution may implement earlier cut-off times with regard to BPAY® or other electronic payments and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® or other electronic payments are received by 3.00pm (WST) on the Closing Date.

Should you wish to pay for your Application using an electronic funds transfer (EFT), please contact the Computershare information line.

(b) Paper Application

Complete the hard copy of the Application Form accompanying the hard copy of this Prospectus and mail or hand deliver the completed Application Form with cheque or bank draft to the Share Registry at the relevant address shown on the Application Form so it is received before 5.00 pm (WST) on the Closing Date.

An original, completed and lodged Application Form, whether online or in hard copy, together with payment for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid.

If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. **The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final.** If your cheque, BPAY® payment or electronic funds transfer for the Application money is different from the amount specified in your Application Form then the Company may accept your Application for the amount of Application money provided.

The Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications.

No brokerage, stamp duty or other costs are payable by Applicants.

The Company reserves the right to close the Offer early.

4.9 Allocation policy under the Offer

The Company retains an absolute discretion to allocate Shares under the Offer and reserves the right, in its absolute discretion, to allot to an applicant a lesser number of Shares than the number for which the applicant applies or to reject an Application Form. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

No applicant under the Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors (in conjunction with the Joint Lead Managers) will be influenced by the following factors:

- (a) the number of Shares applied for;
- (b) the overall level of demand for the Offer;
- (c) the desire for a spread of investors, including institutional investors; and
- (d) the desire for an informed and active market for trading Shares following completion of the Offer.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

4.10 Cleansing Offer

In addition to the Offer, the Company also makes an offer of 1,000 Shares at an issue price of \$0.25 to raise a further \$250.

The main intention of the Cleansing Offer is to remove any trading restrictions on Shares issued to Sandfire Resources Limited and Oz Minerals Limited after the close of the Offer but either immediately before or just after the Company commences trading on the ASX.

Pursuant to Section 708A(11) of the Corporations Act, a sale of Shares does not need disclosure where the sale is the sale of securities that are in a quoted class (Shares) and a prospectus is lodged with ASIC before the day on which those securities were issued but before the day on which the sale offer is made.

This Cleansing Offer therefore is intended to remove the trading restrictions on the Shares issued to Sandfire Resources Limited and Oz Minerals Limited. Given the number of Shares offered under the Cleansing Offer, should the Company issue any Shares under the Cleansing Offer, it will not have a material impact on the capital structure or funds raised under this Prospectus.

Investors should not apply for Shares under the Cleansing Offer, a personalised Application Form will be provided to any party invited to apply for Shares under the Cleansing Offer.

4.11 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be admitted to the Official List. As such, the Shares may not be able to be traded for some time after the close of the Offer.

If the Shares are not admitted to Official Quotation by ASX before the expiration of three 3 months after the date of this Prospectus, or such period as varied by 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 Company will not apply for Official Quotation of the Joint Lead Manager Options issued pursuant to this Prospectus.

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

4.12 Issue

Subject to the Conditions set out in Section 4.6 being met, the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

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

The Directors (in conjunction with the Joint Lead Managers) will determine the recipients of the issued Shares in their sole discretion in accordance with the allocation policy detailed in Section 4.9). The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Holding statements for Shares issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (CHES) holders will be mailed to applicants being issued Shares pursuant to the Offer as soon as practicable after their issue.

4.13 Applicants outside Australia

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

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions, including those outlined below. In particular, this Prospectus may not be distributed in the United States or elsewhere outside. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that you have complied with these restrictions.

4.14 Commissions payable

The Joint Lead Managers will be responsible for paying all commission that they and the Company agree with any other licensed securities dealers or Australian financial services licensees out of the fees paid by the Company to the Joint Lead Managers under the Joint Lead Manager Mandate.

4.15 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus or the reliance of any applicant on any part of the summary contained in this Section.

No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.

4.16 Withdrawal of Offer

The Offer may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

5. COMPANY AND PROJECTS OVERVIEW

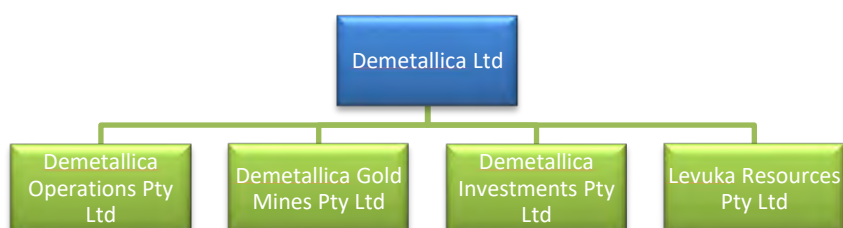
5.1 The Company

Demetallica Limited is an Australian unlisted public company incorporated in 1993 as Amalg Resources NL, subsequently renamed Breakaway Resources Limited in 2003 and has, since 2013, been a wholly owned subsidiary of Minotaur Exploration Limited.

On 20 January 2022, shareholders of Minotaur approved the transfer of certain assets to the Company and its demerger from Minotaur, effective on 21 January 2022.

5.2 Corporate Structure

The Company and its several wholly owned subsidiaries are collectively referred to as “Demetallica” in this section of the Prospectus. The subsidiary entities variously house tenements by region or commodity or physical asset. The following graphic represents the corporate structure.



5.3 Business model, strategy and objectives

Demetallica intends to focus on exploration of and, where appropriate, development of its Projects possessing copper, gold, lead, silver, zinc and other metals and minerals. The Company's aim is to build Shareholder value by acquiring, exploring and exploiting its mineral resource prospects.

Following its proposed listing on ASX, the Company's primary focus will be to expand on existing Resources and/or seek to define new mineral resources within its Projects to the standards of the JORC Code in order to assess and, where appropriate, pursue development options, through studies and resource improvement. A key advantage for the Company is its ability to leverage the experience and skills of its Directors and senior management who collectively have strong track records in corporate management and mineral project acquisition, discovery and development and are familiar with the Projects through their previous roles as directors and management of Minotaur.

The objectives of Demetallica are to:

- (a) undertake mineral exploration activities on each of the Projects to prioritise those that have the potential to deliver growth and Shareholder value.
- (b) To achieve this, the Company intends to undertake the exploration programs described in Section 5.11. The results therefrom will indicate the

potential economic viability and inform possible timing for the commencement of further exploration, testing or studies.

- (c) Where the Company considers it appropriate, it intends to conduct studies (including economic studies such as scoping, pre-feasibility and feasibility studies) to assess the prospects for development and mining operations on the Projects.
- (d) Pursue new prospects and opportunistic acquisitions in the resource sector where the opportunity to add value for Shareholders is identified.
- (e) If and when a viable additional investment opportunity is identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint venture and/or earn-in arrangement, which may involve the payment of consideration in cash, equity or a combination of both. The Board will assess the suitability of investment opportunities by utilising its considerable experience in evaluating projects. There are, of course, risks and uncertainties in the process of identifying and acquiring new and suitable projects (see Section 7 for a general discussion on Investment Risks).

The success of the Company in executing this strategy is subject to a number of key dependencies, namely:

- retaining and recruiting key personnel skilled in the mining and resource sector and in particular, minerals exploration;
- there being sufficient capital available to the Company to carry out its exploration and development plans, prior to the Company being in a position to generate income; and
- the market price of copper, gold and other target metals remaining **comfortably higher than the Company's likely costs** of any future production (assuming successful resource development by the Company).

5.4 Overview of the Projects and regional geology

Demetallica holds rights to an exploration portfolio comprising 45 licences over six project areas in Queensland and South Australia (Figure 1); in Queensland 3,721km² and 2,766km² in South Australia.

The Peake and Denison Project is subject to a farm-in and joint venture agreement with OZ Exploration Pty Ltd, a subsidiary of OZ Minerals Ltd.

A 10% free-carried interest is also held in 4 tenements in South Australia and a 1.5% NSR is held over 6 tenements in Western Australia.

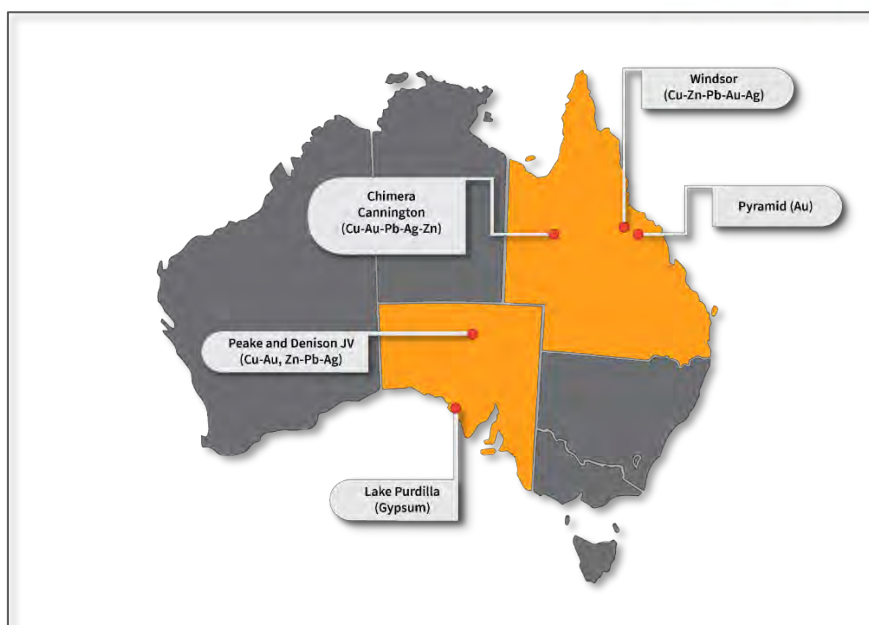


Figure 1: Location map of Demetallica projects

The Company holds an exploration portfolio prospective for:

- base metals (copper-lead-zinc);
- gold;
- silver; and
- gypsum.

The targeted mineralisation styles vary for each of the Project areas and are presented separately below as each style requires different exploration methodologies. Further, the Company holds tenements both in areas of cover, where the targeted geological units are buried below younger sedimentary cover sequences and in areas of outcrop where the prospective rocks are exposed at the surface. Each of these scenarios requires different methodologies for exploration.

The focus of the Company's exploration activities in northwest Queensland and at the Peake and Denison Project in South Australia is for Cloncurry-style copper-gold deposits and Cannington-style Broken Hill Type (BHT) silver-lead-zinc deposits.

For Cloncurry-style copper-gold deposits in northwest Queensland, examples in the district include the world-class Ernest Henry deposit (+250Mt @ 1.1% Cu, 0.54g/t Au) and other significant deposits including Osborne (27.3Mt @ 2.46% Cu, 0.95g/t Au), Eloise (10Mt @ 3% Cu, 0.8g/t Au), Starra (11.4Mt @ 2.1% Cu, 3.1g/t Au), Little Eva (106Mt @ 0.52% Cu, 0.09g/t Au), and Jericho (9.1Mt @ 1.4% Cu, 0.3g/t Au).

For Cannington-style BHT silver-lead-zinc deposits in northwest Queensland, examples in the district include the world-class Cannington deposit (+100Mt @ 8.5% Pb, 4% Zn, 350g/t Ag) and other significant deposits including Maronan (30.8Mt @ 6.5% Pb, 106g/t Ag), Pegmont (14Mt @ 5.7% Pb, 2.7% Zn, 9g/t Ag) and Altia (5.8Mt @ 4.0% Pb, 40g/t Ag and 0.5% Zn).

The focus of the Company's exploration activities in northeast Queensland is for Volcanic Hosted Massive Sulphide style (VHMS) polymetallic deposits at the Windsor Project and intrusion related gold (IRG) deposits at the Pyramid Project.

VHMS-style polymetallic deposit examples in the Windsor area include Thalanga (7Mt @ 11.9% Zn, 3.7% Pb, 2.5% Cu, 0.6g/t Au, 89g/t Ag), Highway-Reward (3.8Mt @ 6.2% Cu, 1g/t Au, and Liontown (3.6Mt @ 5.7% Zn, 2% Pb, 0.5% Cu, 0.8g/t Au, 27g/t Ag). IRG examples in the region of the Pyramid Project include Ravenswood/Mount Wright (5.8 Moz Au) and Mount Leyshon (3.8 Moz Au).

Demetallica intends to focus its post-IPO exploration activity on the Chimera, Pyramid, Windsor and Peake and Denison Projects. The Chimera Project, where Demetallica will work toward assessing the potential for a base metal development hub, will be its 'flagship' project, receiving significant attention as shown in Section 5.6 below.

The Jericho copper-gold deposit, where Minotaur defined a significant copper-gold Resource in 2020, remains open along strike and down-plunge. Work will be aimed at expanding the size of the deposit in conjunction with upgrading the confidence in the current Resource model by seeking to convert part of it from Inferred category to Indicated category under JORC Code guidelines.

Elsewhere, drilling is planned at each of Pyramid, Windsor and Peake and Denison in the first year to advance those Projects while target generation research will occur concurrently across all Projects. For business development, Demetallica will seek and assess new project opportunities in its areas of interest.

Information on each Project, including budgets and proposed work programs, is summarised below. Detailed information about the geology, exploration history, prospects and proposed expenditure for each of the Projects is provided in the Independent Technical Assessment Report in Appendix A. For information about the legal nature and status of the tenements, refer to the Solicitor's Report on the Tenements in Appendix B.

5.5 Chimera Polymetal Project

Tenements

The Chimera Polymetal Project (Chimera, pronounced Ky-mer-ah) comprises 20 tenements covering 2,095km². The Project is centred 70km southeast of Cloncurry in North-West Queensland (Figure 2), approximately 800 km west of the major regional coastal city of Townsville. Access is via a national sealed highway and railway that runs from Townsville, through Cloncurry to the major mining city of Mt Isa 130km west. Cloncurry is also serviced by a regional airport with daily commuter flights to Townsville, Brisbane and Mt Isa.

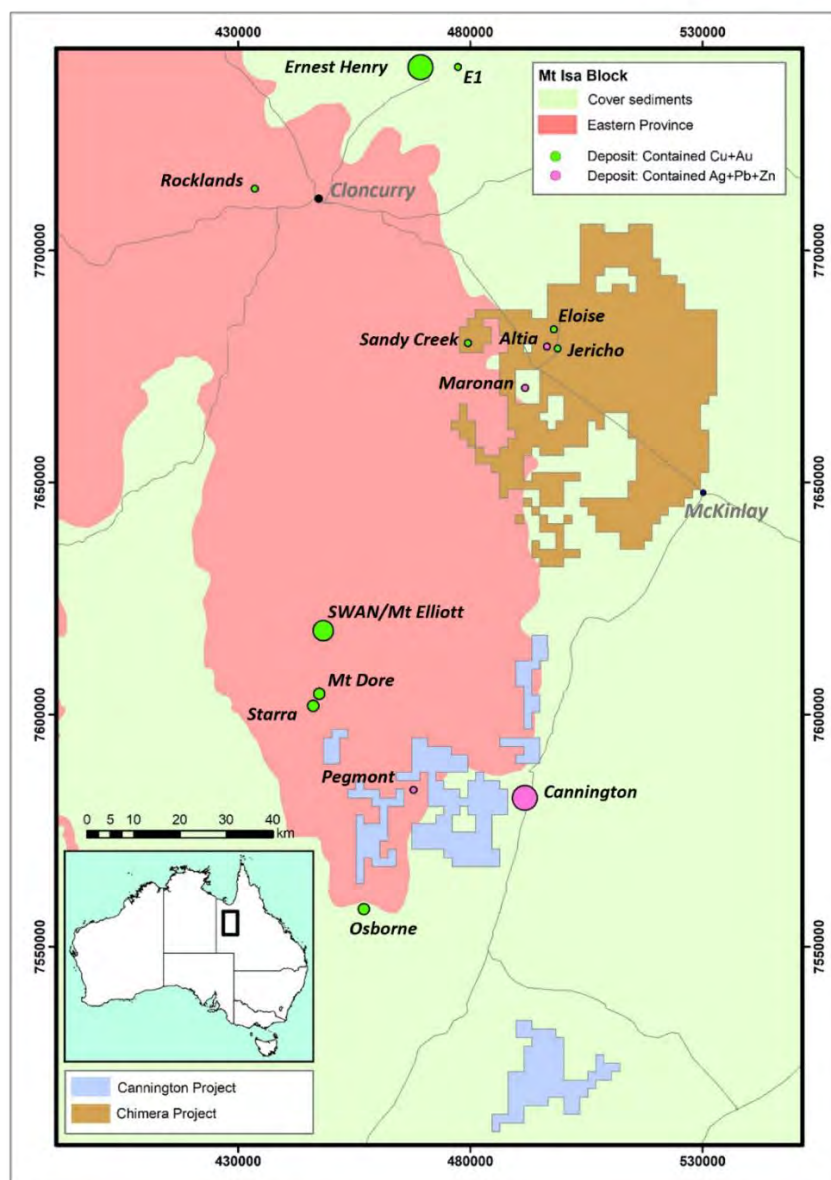


Figure 2: Location map of Chimera and Cannington Projects

Geological Setting

The geological setting and mineralisation presented here cover both the Chimera and Cannington Projects. The Projects lie within the Eastern Succession of the Mount Isa Inlier, the Mount Isa Inlier being a major economic mineral district in northwest Queensland hosting numerous world-class base metals deposits.

The Eastern Succession, where the Chimera and Cannington Projects are located, hosts numerous economically significant mineral deposits. These deposits occur in two main categories based on dominant metal assemblages, copper-gold and lead-zinc-silver.

Demetallica's known mineral occurrences in the Chimera Project area are either iron-sulphide-copper-gold (ISCG) type systems of which Jericho and Sandy Creek deposits are the best developed examples or Cannington-style BHT lead-silver-zinc systems (typified by the Altia deposit). Details on the characteristics of these types of deposits are presented in the Independent Technical Assessment report.

Past and Recent Exploration

Exploration by BHP in the 1980's led to the discovery of the Eloise copper-gold deposit. Eloise lies within the Chimera Project area but within separate mining leases owned by AIC Mines. BHP discovered the Altia lead-silver-zinc system in 1985, then the Company's (then known as Breakaway Resources Limited) 2006 drilling led to a resource estimate in 2008 and work between 1988 and 2013 led to an estimate for the Sandy Creek copper-gold deposit. From 2009, Minotaur carried out substantial exploration across its own tenement area where, until 2014, the focus had been in the western half where the targeted basement geology outcrops or lies under shallow cover, typically less than 50m thick. Minotaur's 2013 acquisition of the Company resulted in combination of the broader land package, giving opportunity for Minotaur to shift its focus to areas where the basement is fully obscured by thicker cover sequence.

Exploration activities in the period 2014-2017 by Minotaur led to discovery of the Artemis polymetallic skarn deposit (2014) and the Jericho copper-gold deposit (2017). Jericho lies under 30-80m of surficial sediments and its discovery resulted from switching attention from areas of outcropping basement to areas of cover. Significant other copper-gold mineral occurrences were also discovered by Minotaur in that period including the large, low-grade copper-gold system at Iris-Electra-Big Foot.

Strategy and Prospects

The Chimera Project hosts 3 deposits with published JORC 2012 compliant Resources:

- Jericho;
- Sandy Creek; and
- Altia,

and one advanced prospect called Artemis (Figure 3); a summary of each of the deposits is set out in the Independent Technical Assessment Report.

Demetallica views the group of deposits to have the potential for further exploration success and development into a hub and spoke mining and processing project, that is, a central processing hub that could treat ore sources from multiple deposits, with a copper-dominant polymetallic focus. Jericho is the largest of the deposits, which Demetallica considers has the potential to be substantially expanded and will be the focus of early activities post-listing.

Other existing targets that are only lightly explored (drilled), that may warrant additional work, include Iris, Electra, Big Foot and Defiance (Figure 3). All four of these prospects are ISCG occurrences and have remarkable similarities to Jericho in terms of style of mineralisation, demonstrating a clustering of similar mineralised occurrences within the broader project area along the eastern edge of the Levuka Shear Zone.

Numerous other historic prospects occur throughout the Project area, some of which have had no recent exploration. Noteworthy examples include Roberts Creek where gold-copper mineralisation has been delineated by drilling along 700m of strike in a 4m-width mineralised structure, and Surprise Ridge, Fortune, Boralis, Capricorn, Landsborough and Ionised where historic drilling indicates copper-gold or lead-zinc-silver anomalous mineral systems (Figure 3). These

prospects have not been the focus of recent exploration, however some of them appear worthy of further investigation in due course.

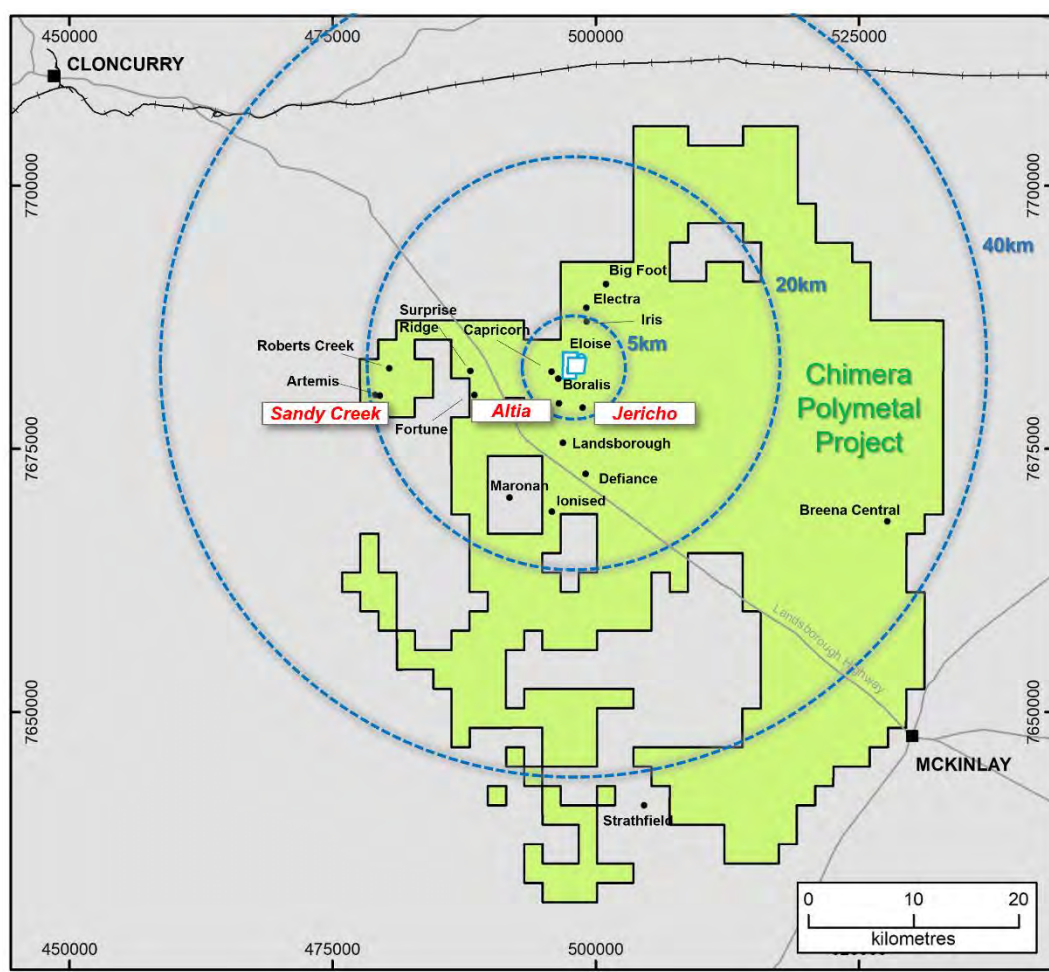


Figure 3: Map showing location of priority targets and other prospects of interest within the Chimera Polymetal Project

5.5.1 Jericho copper-gold deposit

Jericho was discovered in 2017 by Minotaur under the Eloise JV, in partnership with OZ Minerals. The deposit centroid lies 3km south of the operating Eloise copper-gold mine.

Mineralisation is mostly constrained to two discrete steep west-dipping lodes, J1 and J2, interpreted as shear zones. The lodes are approximately 120 meters apart and up to 3.7km in strike length (open along strike and at depth). The true thicknesses of individual mineralised lenses vary by up to approximately 10m.

The deposit lies under 30-80m of sedimentary cover. Mineralisation is hosted in strongly foliated psammite and psammopelite and is typified by massive to semi-massive pyrrhotite-chalcopryrite sulphide veins and breccia zones overprinting earlier quartz-biotite-k-feldspar alteration/veining. The high-grade sulphide zones are bound by lower-grade chalcopryrite and pyrrhotite mineralisation including crackle breccias, stringers and disseminations.

In the period October 2017 to July 2019 a total of 96 drill holes were completed across the Jericho system for a combined 29,740 meters of drilling. A maiden JORC 2012 Resource was estimated by OZ Minerals and published by Minotaur on 16 July 2020. The estimated Mineral Resource for the Jericho copper-gold system is

shown in Table 1. The Mineral Resource has been reported within a 0.8% Cu constraining shell. Full details of the resource estimation process were reported by Minotaur to ASX on 16 July 2020.

Jericho	Category	Tonnes	Cu	Au	Ag	Cu metal	Au metal
		(Mt)	(%)	g/t	g/t	(kt)	(koz)
	Inferred	9.1	1.4	0.30	1.6	130	88

Table 1: Jericho Mineral Resource Estimate (JORC 2012)

Further technical details on Jericho are set out in the Independent Technical Assessment report.

Exploration Target and Growth Potential

Mineralisation remains open down dip and along strike on both the J1 and J2 lodes at Jericho. Minotaur conducted a detailed geological and structural investigation of the deposit aided by specialist consultant structural geologist Dr Brett Davis. There appear discrete shoots of coherent higher-grade mineralisation in each lode, named Matilda and Jumbuck on J1 and Billabong on J2, that all plunge moderately north, with each shoot open down plunge.

5.5.2 Sandy Creek copper-gold deposit

Sandy Creek is a copper-gold deposit discovered in 1988 and drilled intermittently until 2012 up to the point of publication of a JORC Resource. The deposit is located 37km by road from Jericho (Figure 3).

Mineralisation is hosted in pelite (mostly quartz-mica schist) and psammopelite where the host structures are characterised by sheared, chalcopyrite-rich veining, with attendant quartz, pyrite and pyrrhotite, within a broader zone of biotite and garnet alteration. Copper-gold mineralisation occurs within two main narrow, north-south parallel zones, 100 metres apart, termed the Main and West Zones, and three smaller structures termed the Hanging Wall North, Hanging Wall South and Footwall Zones.

A JORC Mineral Resource was estimated for Sandy Creek, the most recent version published in **Breakaway Resources' March 2013 Quarterly report**, when the Company was previously listed on ASX. The Mineral Resource is shown in Table 2 below, reported at 0.3% Cu cut-off.

The reported Resource comprises the five mineralised zones, including Main and West Zones, and three smaller lodes termed the Hanging Wall North, Hanging Wall South and Footwall Zones.

Sandy Creek	Category	Tonnes	Cu	Au	Cu metal	Au metal
		(Mt)	(%)	g/t	(kt)	(koz)
	Inferred	2	1.32	0.30	26.4	21.4

Table 2: Sandy Creek Mineral Resource Estimate (JORC 2012) previously announced by the Company

Further technical details on Sandy Creek are set out in the Independent Technical Assessment report.

Growth and Development Potential

Mineralisation remains open down plunge to the south on the Main Zone. Three historic holes are drilled south of the Resource boundary on the Main Zone, however all three holes are interpreted to have failed to reach the on-strike position of mineralisation meaning the Resource may have potential to be extended further down plunge south through additional drilling.

The central and southern portions of the Main Zone at Sandy Creek have strong copper grades at relatively shallow depth. The Company expects to revisit the model after listing to help understand the potential for Sandy Creek to be developed as a small satellite open pit mining operation as a source of ore feed to a central processing hub. The Company plans to conduct a high-level mining study from which a positive view would encourage infill drilling to improve the confidence level in the current resource model.

5.5.3 Altia lead-silver-zinc deposit

Altia is a lead-silver-zinc deposit discovered in May 1985 by BHP during RC drilling testing an intense magnetic anomaly associated with a weak RAB drill hole lead-zinc basement anomaly defined from earlier exploration activities. The deposit is located 2km by road from Jericho.

The Altia deposit is concealed beneath 35-50m of younger unmineralised cover. Lead-silver-zinc mineralisation occurs within a poly-deformed, highly strained sequence of metaclastics (comprising arenites, pelites, banded iron formation), and minor amphibolite. The banded iron formation is responsible for a significant 2 km long, lenticular magnetic anomaly which distinguishes the prospect from the surrounding areas. Mineralisation is intimately associated with metasomatic manganese-iron alteration, in particular the quartz – garnet – magnetite banded iron formations.

The deposit hosts four main lodes of mineralisation (plus a smaller fifth lode). Two of the lodes (main zone) extend the full length of the deposit, and two are situated in the footwall at the southern and northern ends.

A JORC 2012 Mineral Resource has been estimated for Altia in January 2022 by Minotaur. The Mineral Resource (Table 3) is 100% in the Inferred category. The Mineral Resource has been reported at two cut-off grades of 1.5% lead for open pit material and 2.5% lead for underground material based on optimisation studies.

Altia	Cut-off Pb %	Category	Tonnes	Pb	Ag	Zn	Pb metal	Ag metal	Zn metal
			(Mt)	(%)	(g/t)	(%)	(kt)	(koz)	(kt)
Open Pit	1.5	Inferred	5.4	3.3	38	0.4	179	6,613	21
Underground	2.5		0.9	3.9	31	0.4	35	905	3
Total			6.3	3.4	37	0.4	214	7,518	24

Table 3: Altia Mineral Resource Estimate

The Company expects to conduct work after listing to help understand the potential for Altia to be developed as a source of ore feed to a central processing hub. Pending that work, if positive, it could be expected that the deposit would benefit from infill drilling to improve the confidence in the current resource model.

Further technical details on Altia are set out in the Independent Technical Assessment report.

5.5.4 Artemis Copper-Zinc-Lead-Gold-Silver-Cobalt Prospect

Artemis is a high-grade, relatively small copper-zinc-lead-gold-silver-cobalt prospect discovered by Minotaur in 2014; it lies 300m west of the Sandy Creek deposit. The first drill hole, EL14D09, indicated prospective copper, gold, zinc, silver, lead and cobalt intercepts.

Thirty (30) further drillholes were subsequently drilled into Artemis defining high-grade polymetallic mineralisation over 100m x 150m that remains open along strike and down dip. Results from the drilling are included in the Independent Technical Assessment Report.

The Company views Artemis to have potential to be extended down dip below the main zone of mineralisation and at depth along strike to the north.

5.5.5 Iris-Electra-Big Foot copper-gold prospect

Iris-Electra-Big Foot prospects are part of one large copper-gold system more than 4km long, located around 5km north of the Eloise mine (and 9km north of Jericho) on the eastern edge of the Levuka Shear Zone (LSZ). Basement lies under 120-160m of younger cover sediments. Mineralisation was detected via ground EM surveys conducted in 2016 (Iris-Electra) and 2020 (Big Foot) and drill tested with 13 holes between 2016 and 2020 (Figure 4). The best drill results are from Iris with the strongest mineralisation recorded in hole EL16D05 returning 38m @ 0.47% Cu including 4m @ 1.7% Cu and 0.2g/t Au.

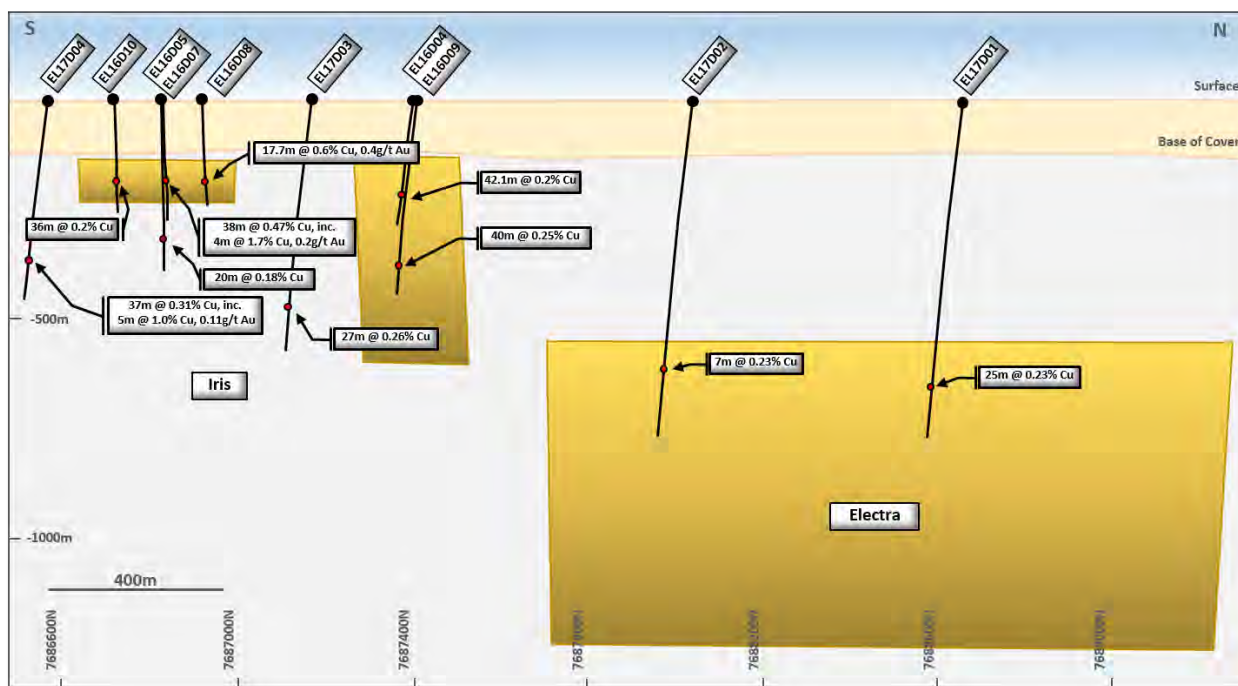


Figure 4: Long section through Iris-Electra, looking west, showing drill hole intercepts and modeled EM conductor plates.

Details of the drilling and prospectivity for this prospect are outlined in the Independent Technical Assessment Report.

Exploration Potential

Most of the previous drilling focused on the modelled EM conductor plates, however mineralisation is known to occur away from the modelled plates as evidenced in drill holes EL17D03 and 04 (Figure 4). The implications are there may be potential for additional copper-dominant mineralisation, with only minor pyrrhotite within/adjacent the controlling shear zone, not exhibiting a strongly elevated EM response.

The Company is considering the prospect for further work and how best to target drilling to investigate if there are areas of better developed copper-gold mineralisation along the Iris-Electra-Big Foot trend. The up-dip position above the modelled EM plate at Electra will be tested in late 2022 with a single 500m drill hole funded under a Collaborative Exploration Initiative (CEI) grant awarded to Demetallica by the Geological Survey of Queensland.

5.5.6 Exploration and Development Strategy

The Chimera Polymetal Project hosts published Resources in 3 deposits and numerous exploration prospects that warrant additional work. Demetallica is aiming to investigate the potential to develop the existing Resources into a hub and spoke mining and production centre.

The Jericho deposit is considered the cornerstone asset that shows strong potential for Resource growth, with the Sandy Creek deposit considered to have potential as a satellite ore source to supplement feed from Jericho (it is around 37km by road from Jericho). The Artemis prospect, whilst currently of limited size but open along strike and down dip, has high-grade copper-gold and additional high-grade zinc-silver and lead and cobalt and located only 300m from Sandy Creek, may have potential for future mining options subject to further studies.

Altia is a lead-silver deposit, that would require different processing methods, (as would Artemis), however it is located only 2km from Jericho and should be considered as a possible future source of ore for mining and processing.

The Company proposes to advance the Chimera Polymetal Project immediately upon listing on the ASX, through a sequence of actions spanning 2022 and 2023. Refer to Section 5.11 for a summary of planned activities on this project after listing.

5.6 Cannington Project

Tenements

The Cannington Project comprises 8 tenements covering 808km² adjacent the Cannington silver-lead-zinc mine, approximately 200km by road southeast of Cloncurry in NW Qld (Figure 2). Access to the Cannington tenements is via the Toolebuc - McKinlay Road, along the eastern side of the project area and the Toolebuc - Selwyn Road along the western side of the project area.

Geological Setting

The regional geological setting is described in detail under the Chimera Project. As with the Chimera Project, the most relevant package of rocks within the Cannington Project is the Soldiers Cap Group and its lateral equivalents, the Kuridala and Staveley Formations. Basement outcrop is variable across the Project, with younger cover generally increasing and becoming widespread in the south and can exceed 300m at its most southerly point. Parts of the northern and western areas within the Project are outcropping or only very thinly veneered.

The Project is prospective for structurally-controlled oxide-rich or sulphide-rich copper-gold mineralisation like Eloise, Kulthor and Osborne and sedimentary exhalative lead-zinc-silver mineralisation similar to Cannington and Pegmont. The major lead-zinc-silver Cannington deposit lies just to the east of the Project area and the Osborne Cu-Au deposit just south. Numerous smaller deposits are recognised throughout. Other smaller but still significant deposits occur near the Project and include Kulthor (Cu-Au) and Pegmont, Cowie and Maramungie (Pb-Zn-Au) (Figure 5).

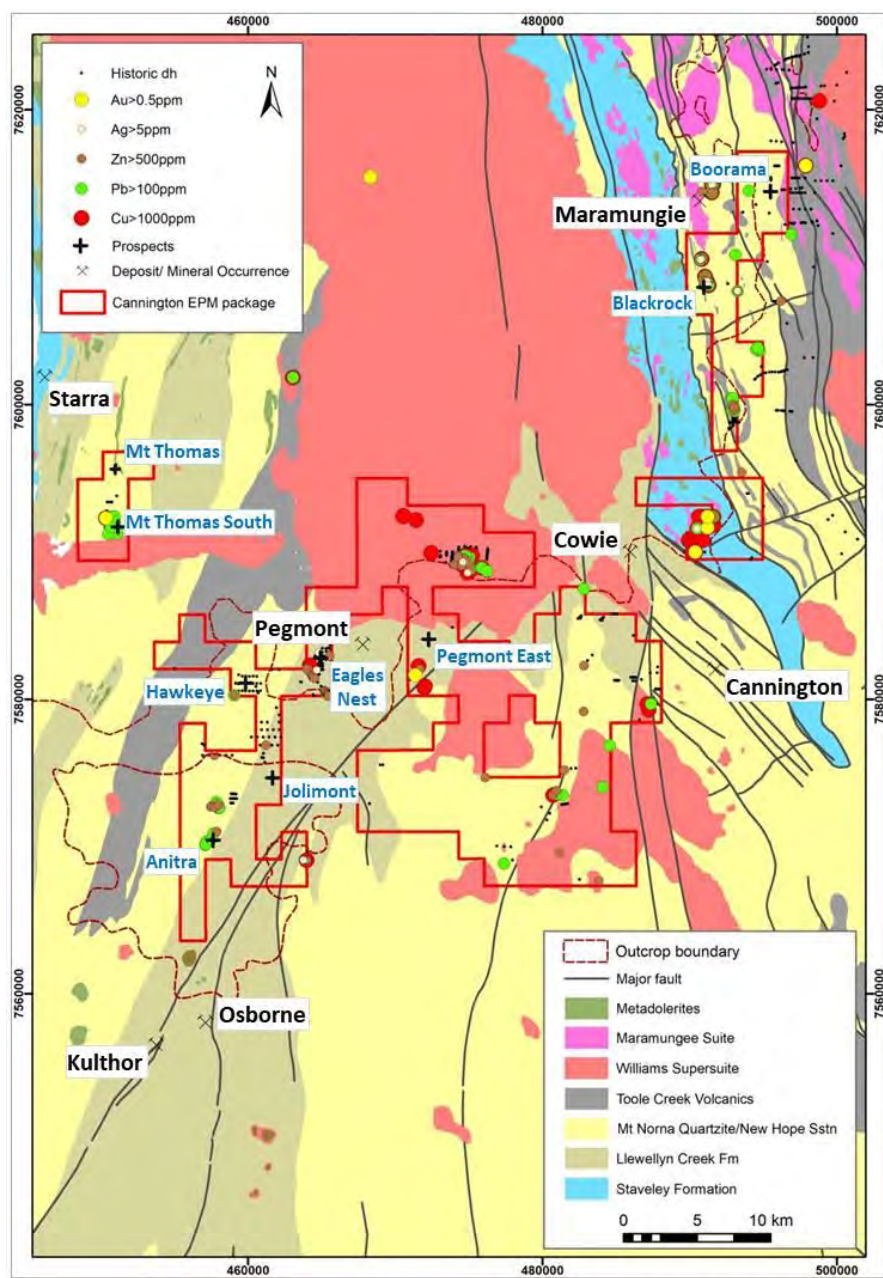


Figure 5: Cannington Project interpreted geology and base metal prospects

The Company is currently undertaking a technical review of the Cannington Project's large exploration data package and is yet to form a view as to where to target further exploration effort.

5.7 Pyramid Gold Project

Tenements

The Pyramid Project comprises 3 tenements covering 177km². The Project is centred around 150km south of Townsville in NE Qld (Figure 6). Townsville is a major regional coastal city with excellent infrastructure that services numerous mining operations south and west. Access to the Project is via the Scartwater Road, running east-west between the Gregory Highway and the coal mining town of Collinsville.

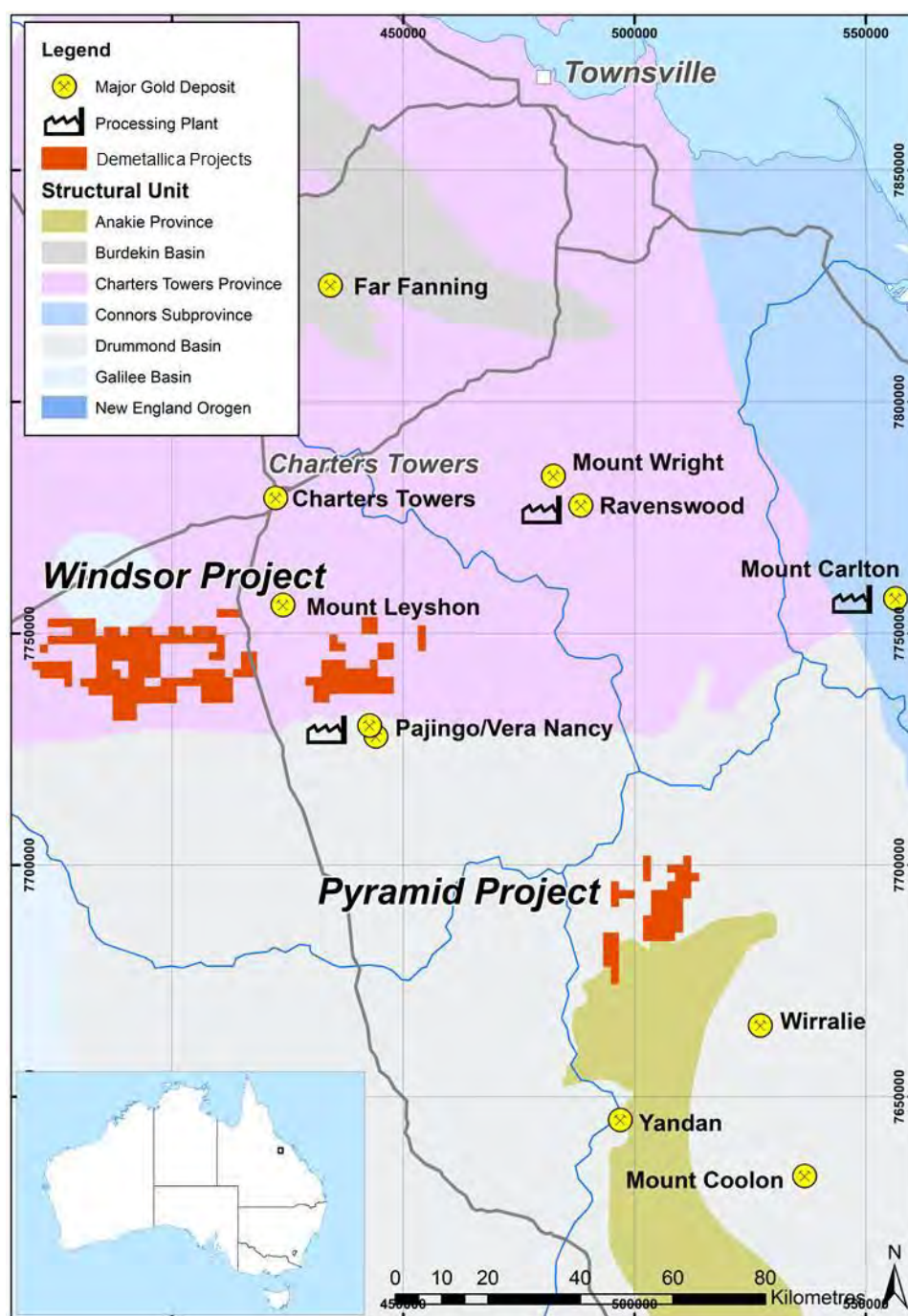


Figure 6: Location map of Pyramid and Windsor Projects

Geological Setting

The Project area straddles the boundary between the Neoproterozoic Anakie Metamorphics, the early Devonian Ukalunda Formation and the late Devonian

Drummond Basin Cycle 1 volcano-sedimentary package represented here by the Saint Ann's Formation. Additionally, significant volcanic and sub-volcanic intrusives from the late Carboniferous Bulgonunna Volcanic Suite have been emplaced into and on top of the aforementioned older units.

In July 2021, Minotaur completed a 13-line dipole-dipole IP-resistivity survey. This survey highlighted numerous chargeable responses across the Project area including positive anomalies coincident with surface geochemical anomalies at Djoser, Pradesh and Gettysberg South.

The Pyramid Project contains known gold mineralisation at four main prospects, being Sellheim, Gettysberg, Marrakesh and Pradesh, sited adjacent to the Gettysberg Fault on the West Pyramid Range.

Other areas of interest result from the IP survey conducted by Minotaur in 2021 where modest IP chargeability anomalies are associated with gold-in-soil anomalies at Djoser, Pradesh and Gettysberg South.

None of the IP anomalies have been tested previously with drilling and will be part of the focus of drilling activity upon listing where the Company will be targeting carbonate-basemetal-gold style sheeted vein systems.

Further technical details on the project are set out in the Independent Technical Assessment report. Refer to Section 5.12 for a summary of planned activities on this Project after listing.

5.8 Windsor VMS Project

Tenements

The Windsor Project comprises 8 tenements covering 641km². The Project is centred around 130km southwest of Townsville in NE Qld (Figure 6). Windsor has access via the sealed highways of the Flinders Highway (west from Townsville) and Gregory Highway south from Charters Towers. A railway from Townsville west to the major mining city of Mt Isa, runs adjacent to the Flinders Highway.

Recent exploration by Minotaur defined several areas for investigation where base metal anomalism and the associated geology shows prospectivity for VHMS-style mineralisation. This will be the focus of early exploration activities by Demetallica.

Geological Setting

The major lithological basement domains within the project area and environs are the Neoproterozoic Charters Towers Metamorphics and Cambro-Ordovician Seventy Mile Range Group (SMRG) of the Mt Windsor Sub-province which consists of four conformable stratigraphic units. The geological unit of most interest is the Trooper Creek Formation that consists of basaltic to rhyolitic lavas, synvolcanic intrusions, and associated volcanoclastic rocks, as well as a relatively thick succession of well-bedded mudstone and calcareous metasedimentary strata. This unit is the host to the majority of the VHMS deposits of the Charters Towers district. Younger rocks span the period Cambrian-Ordovician to Permo-Carboniferous and are mostly igneous rocks with some sedimentary sequences within the Drummond Basin.

The Company is primarily targeting VHMS type deposits with exploration activities to focus initially on the Royale and Orewin targets. Further technical details on the

project are set out in the Independent Technical Assessment report. Refer to Section 5.12 for a summary of planned activities on this project after listing.

5.9 Peake and Denison Project

Tenements

The Peake and Denison Project comprises 4 tenements covering 2,547km². The Project is centered around 750km NNW of Adelaide, South Australia, just north of William Creek and west of Lake Eyre (Figure 7).

The Project is accessed north from Port Augusta to Maree (or Roxby Downs), then to William Creek either along the Borefield Road (north from Roxby Downs) to the Oodnadatta Track or from Maree, both roads being gravel formation. Access to the Project area itself is via well-formed station tracks.

The Peake and Denison Project is under a Farm-in and Joint Venture with OZ Minerals Ltd. The Peake and Denison JV requires OZ Minerals to invest \$869,300 on exploration in the first year (Minimum Commitment for the Initial Period). Thereafter OZ Minerals may earn an initial 51% tenement interest by sole funding \$4 million (including the Minimum Commitment) through the next 3-year period (Stage 1). OZ Minerals may then earn an additional 19% interest for the further expenditure of \$6 million over the subsequent 3 years (Stage 2). Thus, to attain its maximum interest of 70% over 7 years OZ Minerals must invest \$10 million.

Geological Setting

Almost all the Project area is covered by younger sediments, with only very isolated exposures of basement present. The geological setting described below mostly relates to the exposed parts of the Inliers and limited historical drill hole information. Basement lithologies are Proterozoic aged.

Copper mineralisation has been intersected in 4 historic drill holes at the Davenport Creek prospect, an intense northwest-trending magnetic anomaly that lies just north of the Sturt target. Whilst the mineralisation is either low grade or relatively narrow, it is associated with strong magnetite alteration and veining and appears to have affinities to IOCG type mineralisation elsewhere (e.g. Cloncurry in NW Qld). Age data, derived from granite and hydrothermal mineral assemblages from within the Peake and Denison Project area show the same age range for granites, alteration and IOCG mineralisation from the Cloncurry district of NW Qld. The Company is of the opinion that the Peake and Denison Project has the potential to host Cloncurry-style IOCG type deposits given the similarities in the geology and its age. Further details of this concept are provided in the **Independent Geologist's Report**.

As well as being prospective for Cloncurry-style copper gold mineralisation, the Company believes the Peake and Denison Project area is also prospective for Cannington-style silver-lead-zinc mineralisation. Indeed, Rio Tinto's **exploration** focus in 1998-1999 in the Peake and Denison area was for BHT-type Ag-Pb-Zn mineralisation. Whilst there have not been any Cannington-style (BHT-type) alteration indicators intersected in drilling around Peake and Denison, the proposed age of the basement sequences (similar age to other sediment-hosted base metal deposits in Cloncurry, Mt Isa and Broken Hill), and the subsequent amphibolite facies metamorphism, it seems possible that this style of mineralisation could be present. A stand-out Cannington lookalike occurs within the central part of the Peake and Denison Project at a target called Mawson.

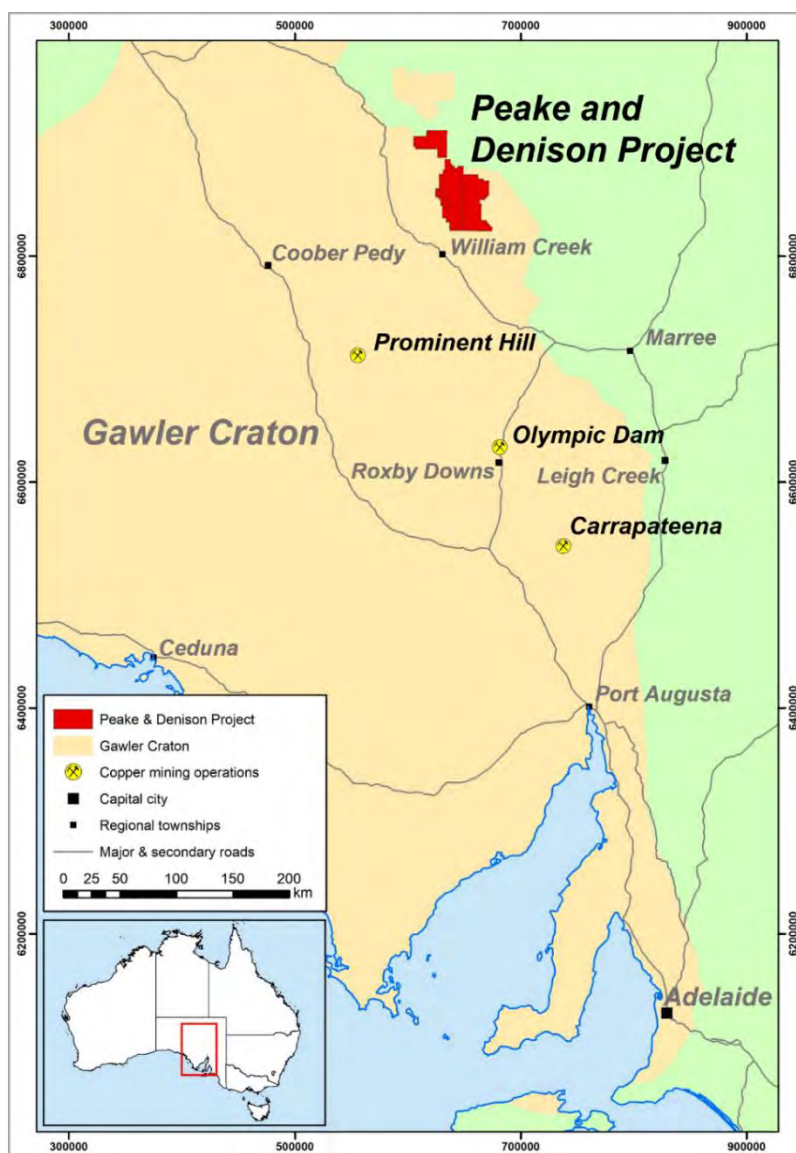


Figure 7: Location map of the Peake and Denison Project

Further technical details on the project are set out in the Independent Technical Assessment report. An exploration drilling program commenced in April 2022 comprising 3 drill holes, with 1 hole each testing the Wentworth, Mawson and Wills targets; drilling is funded by OZ Minerals under the Farm-in and Joint Venture.

5.10 Lake Purdilla Gypsum Project

Tenements

The Lake Purdilla Project comprises 2 tenements covering 219km². The Project is centred around 130km SE of Ceduna, South Australia (Figure 1). Access to the Project area is along Sceales Bay Road south from the township of Streaky Bay, then via pastoral tracks. The Project area is flat comprising coastal salinas, dried lakes and extensive but low sand dune systems across the lakes.

Geological Setting

Quaternary Bridgewater Formation calcarenite covered by playa sediments and gypsumiferous dunes dominates the landscape in the vicinity of EL 6285 and 6682.

Gypsiferous lakes Purdilla and Toorna form the central portion of EL 6285 and the interconnected salinas of Lake Larson straddle the boundary of EL 6285 and 6682 (Figure 30). The lake sediments located in depressions in the underlying Bridgewater Formation include fine silt and clay, with evaporitic gypsum, halite and aragonite. Seawater seepage and direct flooding accompanied by meteoric water percolating through the dunes in winter continually renews the brine in the lakes.

Gypsum is precipitated as selenite (grains >2 mm) and gypsarenite (sand-sized grains) with subaerial exposure producing a thin capping of gypsite (flour gypsum). Lake Purdilla and Lake Toorna feature typically bare evaporate surfaces with extensive systems of well-defined gypsarenite dunes ($\leq 10\text{m}$) developed on the lake margins.

Mineral Resource

A maiden JORC Resource was estimated and published on 24 February 2016 by Minotaur. The estimated Mineral Resource for the Lake Purdilla gypsum deposit is shown in Table 7, noting that it is totally classified as Inferred and comprises 87Mt at purity of 91% gypsum (gypsarenite and selenite $\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$). The average consolidated crystalline gypsum thickness is 2m within localised basins up to 7m thick and extending to surface level across 35 km² area.

Source	Category	Tonnes	Gypsum
		(Mt)	(%)
Lake gypsum	Inferred	72	91
Dune gypsum	Inferred	15	90
	Inferred	87	91

Table 7: Lake Purdilla Gypsum Resource Estimate

5.11 Proposed exploration programme and budgets

The Company proposes a 2-year exploration program that includes activities across all key project areas comprising a mix of resource and mining studies, drilling, geophysics, geological mapping and geochemistry outlined in the table below.

Demetallica intends to fund its work plan from the proceeds of the Offer as outlined in the table below. It should be noted that the budgets will be subject to modification on an ongoing basis, depending on the results obtained from exploration undertaken. This will involve an ongoing assessment of the Company's Project interests and may lead to increased or decreased levels of expenditure on certain interests, reflecting a change in emphasis. In particular, activities for Year 2 for a number of the Projects will be highly dependent on the outcome of activities in Year 1.

Subject to the above, the following budgets (Table 8) are proposed based on the proposed expenditure during the 2 years after listing.

5.11.1 Chimera Polymetal Project Exploration Program

Year 1

- Resource extension and infill drilling at Jericho to grow the resource to align with the Exploration Target presented in section 5.6.1 (a) above, and to increase the confidence for part of the resource to convert to into the Indicated category
- Resource upgrade and publication of a new resource estimate for Jericho
- High-level mining studies to investigate development options including mining Jericho, Sandy Creek and Altia
- Assess the potential for possible extensions to mineralisation at Artemis and investigate the potential for higher-grade mineralisation at Iris-Electra-Big Foot and Defiance.

Year 2

- Pending the outcome of mining studies in Year 1, infill drilling at Sandy Creek to improve confidence in the resource and upgrade the resource estimate
- Jericho – resource drilling at Jericho to extend and upgrade the resource
- Jericho – additional metallurgical test work, advance environmental studies, and conduct initial hydrological studies, commence scoping study
- Pending outcome of mining studies, infill drilling and conduct metallurgical test work
- Commence regional exploration targeting copper mineralisation with a strong focus on EM surveying

5.11.2 Cannington Project Exploration Program

Year 1

- Compile all historic data and generate new target opportunities
- Ground EM or IP survey over areas of interest from new target generation activities

Year 2

- Drilling of target/s generated from Year 1

5.11.3 Pyramid Project Exploration Program

Year 1

- RC drilling at Djoser, Khufu, Pradesh and Gettysberg South gold and silver-base metals targets. Ten (10) RC holes, for 1,500m, are planned, as follows:
 - Coincident chargeable and Au anomalies at Djoser (4 holes, total 600m)
 - Depth extent of outcropping high-grade Ag-Pb veins and gossans at Khufu (2 holes, total 350m)
 - Chargeable anomalies at Gettysberg South (2 holes, total 300m)
 - Northeastern down-plunge extension of Marrakesh (1 hole, total 100m)
 - Chargeable anomaly west of Au anomaly at Pradesh (1 hole, total 150m)

Year 2

- Follow-up drilling as warranted from Year 1 activities
- Reconnaissance and prospect scale mapping to develop new targets for testing

5.11.4 Windsor Project Exploration Program

Year 1

- Ground EM survey over the Royale polymetallic VMS target to validate the VTEM conductors and support the surface geochemical/geological anomaly
- RC drilling at Royale VMS prospect to confirm source of conductors
- Soil sampling extension survey over the Orewin polymetallic VMS target
- Field reconnaissance mapping and sampling at historic prospects Britannia, Gorge Dam and Gydgie
- New target generation using data from Isotope in Groundwater study

Year 2

- IP/resistivity survey across the two zones of Mn-rich zinc gossan at Orewin
- RC drilling at Orewin VMS prospect
- Follow-up new targets from reconnaissance work in Year 1

5.11.5 Lake Purdilla Exploration Program

Year 1

- Promotion of dune and lake gypsum deposits to Australian gypsum-to-plasterboard and cement manufacturers (off-takers);
- Monitor emergence of local trans-shipment synergies with other commodities (e.g. kaolin, grain).

Year 2

- Initiate a high-level mining study to investigate development options (dependent on results of discussions with off-takers and logistics service providers)
- Progress off-take discussions

5.11.6 Summary of Exploration Budget

The Company has prepared the budget below to outline its exploration intentions over the first two years after the Company is listed. Like all budgets, the below is subject to review and amendment based on outcomes from exploration activities and other developments that occur during that period.

		MINIMUM RAISE \$12 MILLION				MAXIMUM RAISE \$15 MILLION			
PROJECT	ACTIVITY	Year 1	Year 2	TOTAL	%	Year 1	Year 2	TOTAL	%
Chimera	Geology	\$165,793	\$78,816	\$244,609		\$276,845	\$163,204	\$440,049	
	Geochemistry	\$69,930	\$33,304	\$103,234		\$116,770	\$68,963	\$185,733	
	Drilling	\$1,648,439	\$784,366	\$2,432,805		\$2,752,596	\$1,624,190	\$4,376,786	
	Mining-Development Studies	\$129,439	\$144,832	\$274,271		\$216,140	\$299,903	\$516,043	
	Tenement Support	\$301,948	\$143,883	\$445,831		\$504,198	\$297,940	\$802,138	
	Total	\$2,315,548	\$1,185,201	\$3,500,749	24%	\$3,866,548	\$2,454,201	\$6,320,749	36%
Cannington	Geology	\$25,585	\$46,200	\$71,785		\$25,585	\$46,200	\$71,785	
	Geochemistry		\$13,800	\$13,800			\$13,800	\$13,800	
	Geophysics	\$112,500	\$17,500	\$130,000		\$112,500	\$17,500	\$130,000	
	Drilling		\$170,000	\$170,000			\$170,000	\$170,000	
	Tenement Support	\$17,951	\$32,175	\$50,126		\$17,951	\$32,175	\$50,126	
	Total	\$156,036	\$279,675	\$435,711	3%	\$156,036	\$279,675	\$435,711	2%

Pyramid	Geology	\$38,500	\$28,875	\$67,375		\$38,500	\$28,875	\$67,375	
	Geochemistry	\$13,800	\$10,350	\$24,150		\$13,800	\$10,350	\$24,150	
	Geophysics	\$17,500	\$13,125	\$30,625		\$17,500	\$13,125	\$30,625	
	Drilling	\$170,000	\$127,500	\$297,500		\$170,000	\$127,500	\$297,500	
	Support & Other	\$31,174	\$23,381	\$54,555		\$31,174	\$23,381	\$54,555	
	Total	\$270,974	\$203,231	\$474,205	3%	\$270,974	\$203,231	\$474,205	3%
Windsor	Geology	\$30,800	\$15,400	\$46,200		\$30,800	\$15,400	\$46,200	
	Geochemistry	\$10,350	\$8,625	\$18,975		\$10,350	\$8,625	\$18,975	
	Geophysics	\$35,000	\$45,000	\$80,000		\$35,000	\$45,000	\$80,000	
	Drilling	\$101,250	\$94,500	\$195,750		\$101,250	\$94,500	\$195,750	
	Tenement Support	\$23,062	\$21,258	\$44,320		\$23,062	\$21,258	\$44,320	
	Total	\$200,462	\$184,783	\$385,245	3%	\$200,462	\$184,783	\$385,245	2%
Peake and Denison*	Geology	\$97,500				\$97,500			
	Geochemistry	\$37,740				\$37,740			
	Geophysics								
	Drilling	\$1,209,700				\$1,209,700			
	Tenement Support	\$55,060				\$55,060			
	Total - Peake and Denison	\$1,400,000		\$1,400,000	10%	\$1,400,000		\$1,400,000	8%
Lake Purdilla	Geology	\$13,300	\$11,400	\$24,700		\$13,300	\$11,400	\$24,700	
	Studies and Marketing	\$15,000	\$21,000	\$36,000		\$15,000	\$21,000	\$36,000	
	Tenement Support	\$8,500	\$9,250	\$17,750		\$8,500	\$9,250	\$17,750	
	Total - Lake Purdilla	\$36,800	\$41,650	\$78,450	1%	\$36,800	\$41,650	\$78,450	0.4%
Total Demetallica-funded Exploration		\$2,979,820	\$1,894,540	\$4,874,360		\$4,530,820	\$3,163,540	\$7,694,360	
*Total OZL Minerals-funded Exploration		\$1,400,000		\$1,400,000		\$1,400,000		\$1,400,000	

5.12 Use of funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves post-admission, over the first two years following admission of the Company to the Official List of ASX as follows:

Funds available	Minimum Subscription (\$)	Percentage of Funds (%)	Maximum Subscription (\$)	Percentage of Funds (%)
Existing cash reserves ¹	650,000	4.6	650,000	3.8
Funds raised from the Offer	12,000,000	84.3	15,000,000	87.0
Funds received after listing from Oz Minerals	1,582,360	11.1	1,582,360	9.2
Total	14,232,360	100.00	17,232,360	100.00
Allocation of funds				
Exploration expenditure ²	4,874,360	34.2	7,694,360	44.6

Funds available	Minimum Subscription (\$)	Percentage of Funds (%)	Maximum Subscription (\$)	Percentage of Funds (%)
Payment to Oz Minerals ³	6,125,000	43.1	6,125,000	35.5
Expenses of the Offer ⁴	1,119,656	7.9	1,302,656	7.6
Working capital ^{5, 6}	2,113,344	14.8	2,110,344	12.3
Total	14,232,360	100	17,232,360	100

Notes:

1. Refer to the Financial Information set out in Section 6 for further details. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the Offer of which various amounts will be payable prior to completion of the Offer.
2. Refer to Section 5.11.6 and the Independent Technical Assessment Report in Annexure A for further details with respect to the Company's proposed exploration programs at the Projects.
3. As summarised in Section 9.2.3, under its agreement with Oz Minerals Limited, the Company is required to make payments totalling \$6.125 million to Oz Minerals shortly after the Company lists on ASX as part consideration for the acquisition of Oz Minerals' joint venture interest in certain tenements outlined above. Some of this payment will be offset by the receipt of \$1,582,360 from Oz Minerals for new Shares in the Company after listing as set out in this Prospectus.
4. Refer to Section 10.9 for further details.
5. Unallocated working capital includes general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs as well as unallocated amounts.
6. To the extent that:
 - (a) the Company's exploration activities warrant further exploration activities; or
 - (b) the Company is presented with additional acquisition opportunities,

the Company's working capital will fund such further exploration and acquisition costs (including due diligence investigations and expert's fees in relation to such acquisitions). Any amounts not so expended will be applied toward administration costs for the period following the initial 2-year period following the Company's quotation on ASX.

It is anticipated that the funds raised under the Offer will enable 2 years of full operations (if the Minimum Subscription is raised). It should be noted that the Company may not be fully self-funding through its own operational cash flow at the end of this period. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding. Future capital needs will also depend on the success or failure of the Company's work plans. The use of further debt or equity funding will be considered by the Board where it is appropriate to fund additional exploration on any particular project or to capitalise on acquisition opportunities in the resources sector.

In the event the Company raises more than the Minimum Subscription of \$12,000,000 under the Offer but less than the Maximum Subscription, the additional funds raised will be first applied towards the expenses of the Offer and then selectively to the other exploration items above, with any residual amounts going to working capital.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in

which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 7.

5.13 Capital structure

The capital structure of the Company following completion of the Offer (assuming both Minimum Subscription and Maximum Subscription under the Offer) is summarised below:

Shares¹

	Minimum Subscription	Maximum Subscription
Shares currently on issue	28,286,410	28,286,410
Shares to be issued pursuant to the Offer	48,000,000	60,000,000
Shares to be issued to Sandfire ²	7,476,840	7,476,840
Shares to be issued to Oz Minerals immediately following listing ³	6,329,440	6,329,440
Total Shares on completion of the Offer ³	90,549,643	102,549,643

Notes:

1. The rights attaching to the Shares are summarised in Section 10.2.
2. Refer to Section 9.2.1 for a summary of the terms of the agreement pursuant to which the Company will issue these Shares to Sandfire.
3. The Company and Oz Minerals have entered into an agreement (summarised in Section 9.2.2) whereby Oz Minerals has agreed to subscribe for up to \$1,582,360 at a price equal to the 5-day volume weighted average price of the Company's Shares over the first 5 days in which the Company is traded on ASX. Based on the issue price, that would equate to 6,329,440 Shares.

Options

	Minimum Subscription	Maximum Subscription
Options currently on issue	Nil	Nil
Options to be issued pursuant to the Offer	Nil	Nil
Options to be issued to Joint Lead Managers ⁴	2,160,000	2,700,000
Total Options on completion of the Offer	2,160,000	2,700,000

Notes:

4. The terms of these Options are set out in Section 10.3 below.

Performance Rights

	Minimum Subscription	Maximum Subscription
Performance Rights currently on issue ⁵	2,000,000	2,000,000
Performance Rights to be issued pursuant to the Offer	Nil	Nil
Total Performance Rights on completion of the Offer	2,000,000	2,000,000

Notes:

- The Company has agreed to issue 2,000,000 Performance Rights to the Company's Managing Director, Mr Answer Woskett. Refer to Section 10.5.1 for a summary of the terms and conditions, including the relevant milestones of these Performance Rights together with disclosures around the reasons for the issue of the Performance Rights.

5.14 Substantial Shareholders

As at the date of this Prospectus, Sandfire holds 1,437,791 Shares in the Company, representing 5.08% of the current Shares on issue.

On completion of the issue of Shares under the Offer (and issue of the Oz Minerals Shares)

Shareholder	Shares	Minimum Subscription		Maximum Subscription	
		(%) (undiluted)	(%) (fully diluted)	% (undiluted)	% (fully diluted)
Sandfire Resources Limited	8,914,631	9.84%	9.41%	8.7%	8.35%
OZ Minerals Ltd ¹	6,329,440	6.99%	6.68%	6.17%	5.93%

- Assumes the issue of 6,329,440 Shares to Oz Minerals Limited shortly after listing. The Company and Oz Minerals have entered into an agreement (summarised in Section 9.2.2) whereby Oz Minerals has agreed to subscribe for up to \$1,582,360 at a price equal to the 5-day volume weighted average price of the Company's Shares over the first 5 days in which the Company is traded on ASX. Based on the issue price, that would equate to 6,329,440 Shares.

The Company will announce to the ASX details of its top-20 Shareholders following completion of the Offer prior to the Shares commencing trading on ASX.

5.15 Restricted Securities

Subject to the Company being admitted to the Official List, certain Shares and Options on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. The Board does not expect that any Shares issued under the Offer will be subject to escrow under the ASX Listing Rules.

The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on ASX.

5.16 Additional Information

Prospective investors are referred to and encouraged to read in its entirety both the:

- (a) the Independent Technical Assessment Report in Annexure A for further details about the geology, location and mineral potential of the Company's Projects;
- (b) the Solicitor's Report on Tenements in Annexure B for further details in respect to the Company's interests in the Tenements; and
- (c) the Investigating Accountant's Report in Annexure C,

for further details on the Company's financials.

5.17 Dividend policy

The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Company's Projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

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

6. FINANCIAL INFORMATION

The financial information set out in this Section includes the following:

- Summary historical statement of profit and loss and other comprehensive income for Demetallica for the years ended 30 June 2020 and 30 June 2021 (FY20 and FY21) and the six months ended 31 December 2021 (H1FY22);
- Summary historical statements of cash flows for Demetallica for FY20, FY21 and H1FY22; and
- The Pro Forma statement of financial position of the Company at 31 December 2021 and supporting notes which includes the Pro Forma transactions, subsequent events, consolidation adjustments and capital raising together referred to as the 'Historical Financial Information'.

All amounts disclosed in the tables in this Financial Section are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest thousand dollars. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sum of components in figures contained in this Prospectus are due to rounding.

The Historical and Pro Forma Financial Information should be read together with the other information contained in this Prospectus, including:

- management's discussion & analysis set out in this Section;
- the risk factors described in Section 7;
- the Independent Limited Assurance Report on the Historical and Pro Forma Financial Information set out in Annexure C; and
- the other information contained in this Prospectus.

Investors should also note that historical results are not a guarantee of future performance.

6.1 Basis of preparation of the Historical and Pro Forma Financial Information

6.1.1 Background

The Historical and Pro Forma Financial Information included in this Section has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). The Directors are not aware of any reconciliatory differences between the application of IFRS and the Australian equivalents to International Financial Reporting Standards (AIFRS) which require disclosure within this financial information Section.

The Historical and Pro Forma Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. Significant accounting policies applied to the Historical and Pro Forma Financial Information are noted at the end of this section under the heading 'Significant Accounting Policies'. The accounting policies of the Company have been consistently applied throughout the periods presented.

The general purpose financial statements of the Company will be prepared in accordance with the Corporations Act, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with IFRS as issued by the International Accounting Standards Board.

6.2 Basis of preparation of the Historical and Pro Forma Financial Information

The Historical Financial Information has been extracted from the consolidated audited FY20 and FY21 and reviewed H1FY22 financial statements of Demetallica.

Demetallica's historical financial performance has been audited by Grant Thornton Audit Pty Ltd for the period 1 July 2019 to 30 June 2021 and reviewed by Grant Thornton Audit Pty Ltd for the six months to 31 December 2021. An unqualified opinion was issued with an emphasis of matter on going concern.

Demetallica's principal activities are to carry out exploration of mineral tenements, to continue to seek extensions of areas held and to seek out new areas with mineral potential and to evaluate results achieved through surface sampling, geophysical surveys and drilling activities. Demetallica remains focussed on base metals exploration, primarily copper.

The Directors are responsible for the inclusion of all financial information in this Prospectus. Investors should note that historical financial performance is not a guide for future financial performance.

The Historical and Pro Forma Financial Information has been reviewed by Grant Thornton Corporate Finance Pty Ltd, whose Independent Limited Assurance Report is contained in Annexure C of this Prospectus. Investors should note the scope and limitations of that report. The information in this Section should also be read in conjunction with the risk factors set out in Section 7 and other information contained in this Prospectus.

All amounts disclosed in this Section are presented in Australian Dollars unless otherwise noted. The financial information in this Section includes certain measures for assessing the financial performance and position of the business, which are not recognised under Australian Accounting Standards. Such measures are referred to as 'non-IFRS financial measures'.

Non-IFRS financial measures are not a substitute for measures calculated in accordance with Australian Accounting Standards, but rather are intended to provide further information for potential investors. As the non-IFRS measures have no defined meaning under recognised accounting standards, the way in which they have been calculated in this Prospectus has been detailed below. As there is no standardised measure of non-IFRS information, potential investors should take care in comparing non-IFRS information between companies as the method of calculation may not be the same.

6.3 Historical statement of profit or loss and other comprehensive income

AUD \$'000	FY20 Audited 12 months	FY21 Audited 12 Months	H1 FY22 Reviewed 6 months	HY Comparative H1 FY21 Reviewed 6 months
Other income	127	0	0	0
Intercompany loans forgiven - Minotaur Exploration Limited	-	-	8,557	-
Impairment of exploration and evaluation assets	(2,092)	(1)	-	(1)
Loan receivable forgiveness expense	(846)	-	-	-
Insurance costs	(5)	(5)	-	(2)
Professional and consultancy costs	(1)	-	(1)	-
Other expenses	(0)	(1)	(0)	(1)
Profit / (loss) before income tax expenses	(2,816)	(6)	8,556	(4)
Income tax expense	-	-	-	-
Profit / (loss) for the year	(2,816)	(6)	8,556	(4)

Below is a discussion of the main factors which affected the operations and relative financial performance in FY20, FY21 and H1FY22 of Demetallica. The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the company's historical operating and financial performance, nor everything which may affect operations and financial performance in the future.

Revenue: Demetallica's operations have been focussed upon progressing its gold and copper exploration opportunities in South Australia and Queensland. Given this current stage of the business development no revenues have been generated.

Other income: Other income relates to a net gain on disposal of Altia Resources Pty Ltd in FY20 and intercompany loans forgiven in H1FY22 related to an agreement by Minotaur Exploration Limited to forgive debts owed by Demetallica and subsidiaries as a result of the demerger of Demetallica from the Minotaur Group.

Exploration costs: Exploration costs relate to the impairment of Eloise Northwest Progression as a result of the tenement being relinquished.

Other expenses: Other expenses primarily consist of insurance and professional and consultancy costs.

6.4 Historical statement of cash flows

The table below presents the summarised historical statement of cash flows for FY20, FY21 and H1FY22.

	FY20 Audited 12 months	FY21 Audited 12 Months	H1 FY22 Reviewed 6 months	HY Comparative H1 FY21 Reviewed 6 months
AUD \$'000				
Cash flows from operating activities				
Receipts from customers	17	-	-	-
Payments to suppliers and employees	(5)	(2)	(30)	(1)
Interest received	0	0	0	0
Net cash provided by / (used in) operating activities	12	(2)	(30)	(1)
Cash flows from investing activities				
Proceeds from sale of fellow subsidiaries exploration assets	225	-	-	-
Payment for exploration activities - net of JV contributions	(11)	(9)	(486)	(1)
Net cash provided by / (used in) investing activities	214	(9)	(486)	(1)
Cash flows from financing activities				
Proceeds from related party borrowings	32	11	513	0
Repayment of related party borrowings	(250)	(5)	-	(5)
Net cash provided by / (used in) financing activities	(218)	6	513	(5)
Net increase/ (decrease) in cash and cash equivalents	9	(5)	(3)	(7)
Cash at beginning of the year	6	15	10	15
Cash at end of the year	15	10	7	8

Operating cash flows: The Company is at a pre-revenue stage and has had a net operating cash outflow in FY21 and H1FY22.

Investing cash flows: The increasing exploration activities have been funded primarily by proceeds from related party borrowings.

Financing cash flows: In FY20, proceeds from the sale of exploration assets were used to repay related party borrowings whilst in H1FY22, proceeds from Minotaur were used primarily to fund exploration activities.

6.5 Pro-Forma Historical Statement of Financial Position

The table below sets out the audited historical statement of financial position of the Company, the pro forma adjustments that have been made to it (further described in Section 6.6) and the pro forma consolidated statement of financial position as at 31 December 2021.

The pro forma statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial position.

AUD \$'000	Note	Reviewed 31-Dec- 21	Pro Forma		Pro Forma Min	Pro Forma Max
			Adjustments	Adjustments		
			Min	Max		
Current Assets						
Cash and cash equivalents	6.7	7	13,564	16,382	13,572	16,389
Trade and other receivables		-	930	930	930	930
Other current assets		44	7	7	51	51
Total Current Assets		51	14,501	17,319	14,553	17,370
Non-Current Assets						
Plant and equipment		-	516	516	516	516
Right of use asset		-	539	539	539	539
Available for sale investments		-	317	317	317	317
Exploration and evaluation assets		8,131	4,162	4,162	12,293	12,293
Total Non-Current Assets		8,131	5,534	5,534	13,665	13,665
Total Assets		8,182	20,035	22,853	28,218	31,035
Current Liabilities						
Trade and other payables		1	1,045	1,045	1,046	1,046
Provisions		-	332	332	332	332
Financial liability		1,665	(1,665)	(1,665)	-	-
Total Current Liabilities		1,666	(289)	(289)	1,378	1,378
Non-Current liabilities						
Lease liabilities		-	586	586	586	586
Borrowings		-	955	955	955	955
Total Non-Current liabilities		-	1,541	1,541	1,541	1,541
Total Liabilities		1,666	1,253	1,253	2,919	2,919
Net Assets		6,516	18,782	21,600	25,298	28,116
Shareholder's Equity						
Issued capital	6.8	97,363	(71,687)	(68,861)	25,676	28,502
Other contributed equity		3,722	-	-	3,722	3,722
Reserves	6.11	-	4,703	4,739	4,703	4,739
Accumulated losses	6.10	(94,569)	85,767	85,722	(8,803)	(8,848)
Total Shareholder's Equity		6,516	18,782	21,600	25,298	28,116

6.6 Pro Forma Transactions

The following transactions contemplated in this Prospectus which are to take place on or before the completion of the Offer, referred to as the subsequent events and pro forma adjustments, are presented as if they, together with the Offer, had occurred subsequent to 31 December 2021 and are set out below.

With the exception of the subsequent events and pro forma transactions noted below no other material transactions have occurred between 31 December 2021 and the date of this Prospectus which the Directors consider require disclosure.

Subsequent Events:

- (a) Acquisition of Demetallica Operations Pty Ltd – Demetallica acquired all issued share capital Demetallica Operations Pty Ltd immediately prior to the demerger from Minotaur Exploration Limited.
- (b) Acquisition of Demetallica Gold Mines Pty Ltd – Demetallica acquired all issued share capital Demetallica Gold Mines Pty Ltd immediately prior to the demerger from Minotaur Exploration Limited.
- (c) Acquisition of Demetallica Investments Pty Ltd – Demetallica acquired all issued share capital Demetallica Investments Pty Ltd immediately prior to the demerger from Minotaur Exploration Limited.
- (d) Assets/Liabilities from Minotaur Exploration Limited on Demerger – There are a number of assets and liabilities that are not included as part of **Andromeda's acquisition of Minotaur Exploration Limited. These will** instead be transferred to Demetallica as part of the Demerger
- (e) Sandfire Transaction – 456,953 new ordinary shares in Demetallica Limited were issued to Sandfire Resources Limited as part consideration for the acquisition of the Altia polymetallic, Beena Plains, and Cannington projects.
- (f) Capital Reduction – the Directors have agreed to reduce the value of the Company's share capital (under section 258F of the Corporations Act 2001 (Cth)) against the Company's accumulated losses by \$86,612,408.
- (g) Working Capital – since 31 December 2021 there has been a material movement in the working capital of Demetallica as a result of expenses incurred in relation to exploration activities, general overheads and income billed in advance related to the Peake and Denison Joint Venture with Oz Minerals.

Pro forma transactions:

- (h) The Offer – Offer of a minimum of 48,000,000 shares and a maximum of 60,000,000 shares to be issued at a price of \$0.25 per share to raise a minimum of \$12,000,000 and a maximum of \$15,000,000.
- (i) Offer costs – Total expenses associated with the Offer are estimated to be between \$1,119,656 (minimum subscription) and \$1,302,206 (maximum subscription). Those costs which directly relate to the issue of new shares have been offset against contributed equity while the remainder have been expensed to the profit and loss account.
- (j) Options issued to advisors – the issue of between 2,160,000 (minimum subscription) and 2,700,000 options to joint lead managers Euroz Hartley's and Argonaut valued at between \$143,000 (minimum subscription) and \$179,000 (maximum subscription).
- (k) Performance rights issued to Managing Director - The Company has **agreed to issue 2,000,000 Performance Rights to the Company's** Managing Director, Mr Andrew Woskett. The performance rights have been valued at \$459,703.
- (l) Sandfire transaction – the equivalent value of Demetallica shares on IPO to 9.0 million Minotaur shares at settlement date are to be issued as

consideration for the acquisition of the Altia polymetallic, Beena Plains, and Cannington projects.

- (m) OZ Minerals transaction - \$1,582,360 OZ Minerals minimum spend required on the Eloise and Jericho JVs. Instead of a cash payment, OZ Minerals will participate in the IPO to the same value.

6.7 Reviewed pro forma cash and cash equivalents

The reviewed pro forma cash and cash equivalents has been set out below:

	Subsequent Event/Pro Forma Adjustment	Pro Forma \$'000 Min	Pro Forma \$'000 Max
Reviewed cash and cash equivalents at 31 December 2021		7	7
<i>Subsequent event transactions:</i>			
Acquisition of Minotaur Operations Pty Ltd	a	378	378
Acquisition of Minotaur Gold Mines Pty Ltd	b	1	1
Acquisition of Minotaur Resources Investments Pty Ltd	c	0	0
Assets/liabilities assumed from Minotaur Exploration Limited on demerger	d	1,388	1,388
Working capital	g	(693)	(693)
<i>Pro forma transactions:</i>			
Proceeds from shares issued under the Public Offer	h	12,000	15,000
Payment of the costs relating to the Public Offer	i	(1,092)	(1,274)
OZ Minerals transaction	m	1,582	1,582
Pro forma cash and cash equivalents		13,572	16,389

6.8 Contributed equity

The reviewed pro forma contributed equity has been set out below:

	Subsequent Event/Pro Forma Adjustment	Pro Forma \$'000 Min	Pro Forma \$'000 Max
Reviewed contributed equity at 31 December 2021		97,363	97,363
<i>Subsequent event transactions:</i>			
Sandfire transaction	e	114	114
Capital reduction	f	(86,612)	(86,612)
<i>Pro forma transactions:</i>			
Subscription received under the Public Offer (before costs)	h	12,000	15,000
Public Offer costs offset against contributed equity	i	(641)	(814)
Sandfire transaction	l	1,869	1,869
OZ Minerals transaction	m	1,582	1,582
Pro forma share capital		25,676	28,502

6.9 Number of shares

The reviewed pro forma number of shares have been set out below:

	Subsequent Event/Pro Forma Adjustment	Minimum Pro Forma No. of Shares	Minimum Pro Forma No. of Shares
Reviewed shares at 31 December 2021		434,854,266	434,854,266
<i>Subsequent event transactions:</i>			
<i>Equal Reduction of Capital / In-Specie Distribution</i>		(407,024,809)	(407,024,809)
Sandfire transaction	e	456,953	456,953
<i>Pro forma transactions:</i>			
Subscription received under the Public Offer (before costs)	h	48,000,000	60,000,000
Sandfire transaction	l	7,476,840	7,476,840
Oz Minerals transaction	m	6,329,440	6,329,440
Pro forma shares		90,092,690	102,092,690

6.10 Accumulated losses

The reviewed pro forma retained earnings have been set out below:

	Subsequent Event/Pro Forma Adjustment	Pro Forma \$'000 Min	Pro Forma \$'000 Max
Reviewed accumulated losses at 31 December 2021		(94,569)	(94,569)
<i>Subsequent event transactions:</i>			
Assets/liabilities assumed from Minotaur Exploration Limited on demerger	d	467	467
Capital reduction	f	86,612	86,612
Working capital	g	(231)	(231)
<i>Pro forma transactions:</i>			
Offer costs	i	(479)	(488)
Options issued to advisors	j	(143)	(179)
Performance rights issued to Managing Director	k	(460)	(460)
Pro forma accumulated losses		(8,803)	(8,848)

6.11 Reserves

The reviewed pro forma reserves have been set out below:

	Subsequent Event/Pro Forma Adjustment	Pro Forma \$'000 Min	Pro Forma \$'000 Max
Reserves at 31 December 2021		-	-
<i>Subsequent event transactions:</i>			
Acquisition of Minotaur Operations Pty Ltd	a	2,814	2,814
Acquisition of Minotaur Gold Mines Pty Ltd	b	969	969

Acquisition of Minotaur Resources Investments Pty Ltd	c	317	317
<i>Pro forma transactions:</i>			
Options issued to advisors	j	143	179
Performance rights issued to Managing Director	k	460	460
<hr/>			
Pro forma reserves		4,703	4,739
<hr/>			

6.12 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australia Accounting Standards Board ('AASB') and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements presented are in Australian dollars, which is the Group's functional currency.

(a) Principle of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Demetallica Limited at the end of the reporting period. The parent entity controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original

business combination and their share of changes in equity since that date.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income.

Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- (i) a legally enforceable right of set-off exists; and
- (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

The parent entity and its Australian wholly-owned entities are part of a tax-consolidated group under Australian taxation law. The head entity within the tax consolidation group for the purposes of the tax consolidation system is Demetallica Limited.

Demetallica Limited and each of its own wholly-owned subsidiaries recognise the current and deferred tax assets and deferred tax liabilities applicable to the transactions undertaken by it, after elimination of intra-group transactions. Demetallica Limited recognises the entire tax-consolidated group's retained tax losses.

(c) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(d) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the **financial asset's contractual cash flow characteristics and the Group's business model** for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be initially classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are **'solely payments of principal and interest (SPPI)'** on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and a joint operation loan receivable.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition,

ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(e) Investments in associates, joint ventures and joint operations

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of **the arrangement's net assets rather than direct rights to underlying assets** and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by **recognising the Group's** assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is **increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.**

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

(f) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets.

(g) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

(h) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the yearend exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

(i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 6 months or less, and bank overdrafts.

Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(k) Other Income

Interest income is reported on an accruals basis using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30-90 days of recognition of the liability.

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or

payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(o) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to capitalised exploration and evaluation expenditure are credited against the exploration and evaluation assets to which they relate in order to match the grants received with the expenditure the grants are intended to compensate.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Going concern

The Company's financial statements are prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business.

The continuation of the Company as a going concern is dependent upon the completion the planned initial public offering of shares in the Company to enable it to meet all its commitments and obligations as and when they fall due and managing the level of exploration and other expenditure within available cash resources.

Should the proposed IPO be unsuccessful or delayed, the Directors consider that the going concern basis of accounting is appropriate, as the Company has the following options:

- The option of farming out all or part of its assets;
- The option of selling interests in the Company's assets; and
- The option of relinquishing or disposing of rights and interests in certain assets.

In the event that the Company is unsuccessful in completing an IPO or implementing one or more of the options listed above, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Company will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

(r) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less cost of disposal calculations which incorporate various key assumptions.

(ii) Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

(s) Changes in Accounting Policies

New and amended standards adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting periods.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

7. RISK FACTORS

7.1 Introduction

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

The future performance of the Company and the value of the Shares 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 that have a direct influence on the Company, its Projects and activities are set out in Section 3. Those key risks as **well as other 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 7, 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 Shares. This Section 7 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 7, together with all other information contained in this Prospectus.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 7 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.

7.2 Company specific risks

Risk Category	Risk
Acquisitions of assets from Oz Minerals	<p>Where the Offer is not completed, the Company will not be immediately capable of completing its obligations under its acquisition agreement with Oz Minerals.</p> <p>Oz Minerals have waived a number of conditions to enable this acquisition to be completed, subject to the Company completing the Offer and being able to make the cash payments payable to Oz Minerals under the agreement as summarised in Section 9.2.2.</p>
Exploration and operating	<p>The mineral exploration licences are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.</p> <p>There can be no assurance that future exploration of these licences, or any other mineral licences 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.</p> <p>The future exploration activities of Demetallica may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment,</p>

	<p>mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of Demetallica.</p> <p>The success of Demetallica will also depend upon Demetallica being able to maintain title to the mineral exploration licences and obtaining all required approvals for their contemplated activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the assets, a reduction in the cash reserves of Demetallica and possible relinquishment of one or more of the mineral exploration licences.</p>
Tenure, access and grant of applications	<p>Renewal</p> <p>Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements is subject to compliance with the applicable mining legislation and regulations and the discretion of the relevant mining authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of Demetallica.</p> <p>Demetallica considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Queensland and South Australia and the ongoing expenditure budgeted for by Demetallica. However, the consequence of forfeiture or involuntary surrender of a granted tenements for reasons beyond the control of Demetallica could be significant.</p>
Access	<p>A number of the Tenements overlap certain third party interests that may limit Demetallica's ability to conduct exploration and mining activities including pastoral leases.</p> <p>Demetallica has entered into land access and compensation agreements in respect of certain Tenements.</p>
Climate risk	<p>There are a number of climate-related factors that may affect the operations and proposed activities of Demetallica. The climate change risks particularly attributable to Demetallica include:</p> <ul style="list-style-type: none"> (a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. Demetallica may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact Demetallica and its profitability. While Demetallica will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that Demetallica will not be impacted by these occurrences; and (b) climate change may cause certain physical and environmental risks that cannot be predicted by Demetallica, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which Demetallica operates.

Dilution following listing	Pursuant to an agreement entered into between the Company and Oz Minerals (summarised in Section 9.2.2), the Company is required to issue \$1,582,360 worth of Shares in the Company to Oz Minerals. The number of Shares will be based on the 5-day VWAP of the Company's Shares over the first 5 days after the Company commences trading on ASX. If the Shares trade at below the Offer price, the Company will be required to issue Shares at a price lower than the Offer price, which will have the effect of increasing the dilution of Shareholders when the Oz Minerals Shares are issued.
COVID-19 risk	<p>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 Demetallica remains unknown. Demetallica'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 Demetallica's operations and are likely to be beyond the control of Demetallica.</p> <p>The COVID-19 pandemic may also give rise to issues, delays or restrictions in relation to land access and Demetallica's ability to freely move people and equipment to and from exploration projects and may cause delays or cost increases. The effects of COVID -19 on Demetallica's Share price and global financial markets generally may also affect Demetallica's ability to raise equity or debt or require Demetallica to issue capital at a discount, which may in turn cause dilution to Shareholders.</p> <p>The Directors are monitoring the situation closely and have considered the impact of COVID-19 on Demetallica's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. If any of these impacts appear material prior to close of the Offer, Demetallica will notify investors under a supplementary Prospectus.</p>

7.3 Industry specific risks

Risk Category	Risk
Native title and Aboriginal Heritage	<p>In relation to tenements which Demetallica 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 or may exist. If native title rights do or may exist, the ability of Demetallica 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.</p> <p>A registered native title claim covers certain of Demetallica's Tenements.</p> <p>Further to this, it is possible that an Indigenous Land Use Agreement (ILUA) may be registered against one or more of the tenements in which Demetallica has an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, Demetallica.</p> <p>In addition, it is possible that Aboriginal heritage sites of significance may occur on Demetallica Tenements. Approvals are required if these sites are to be impacted by exploration or mining activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities. Any existence of Aboriginal heritage sites within Demetallica's Tenements</p>

Risk Category	Risk
	<p>may lead to restrictions on the areas that Demetallica will be able to explore and mine.</p> <p>The Directors will closely monitor the potential effect of native title claims or Aboriginal heritage matters involving tenements in which Demetallica has or may have an interest.</p>
Exploration targets	<p>Demetallica has identified a number of exploration targets based on geological interpretations and limited geophysical data, geochemical sampling and historical drilling. Insufficient data however, exists to provide certainty over the extent of the mineralisation. Whilst Demetallica intends to undertake additional exploratory work with the aim of defining a mineral resource, no assurances can be given that additional exploration will result in the determination of a resource on any of the exploration targets identified. Even if a resource is identified no assurance can be provided that this can be economically extracted.</p> <p>Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.</p>
Grant of future authorisations to explore and mine	<p>If Demetallica discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licence and permits before it will be able to mine the deposit. There is no guarantee that Demetallica will be able to obtain all required approvals, licences and permits. To the extent that required authorisations are not obtained or are delayed, Demetallica's operational and financial performance may be materially adversely affected.</p>
Mine development	<p>Possible future development of mining operations at the Company's assets is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.</p> <p>If Demetallica commences production on one of the Projects, its operations may be disrupted by a variety of risks and hazards which are beyond the control of Demetallica. No assurance can be given that Demetallica will achieve commercial viability through the development of the Projects.</p> <p>The risks associated with the development of a mine will be considered in full should the Projects reach that stage and will be managed with ongoing consideration of stakeholder interests.</p>
Environmental	<p>The operations and proposed activities of Demetallica are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, Demetallica's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is Demetallica's intention to conduct its activities to the highest standard of environmental obligation,</p>

Risk Category	Risk
	<p>including compliance with all environmental laws.</p> <p>Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on Demetallica's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on Demetallica for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.</p> <p>The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making Demetallica's operations more expensive.</p> <p>Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.</p>
Regulatory Compliance	<p>Regulatory Risks</p> <p>Demetallica's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. Demetallica requires permits from regulatory authorities to authorise Demetallica's operations. These permits relate to exploration, development, production and rehabilitation activities.</p> <p>While Demetallica believes that it is in substantial compliance with all material current laws and regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to Demetallica or its properties, which could have a material adverse impact on Demetallica's current operations or planned development projects.</p> <p>Obtaining necessary permits can be a time-consuming process and there is a risk that Demetallica will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict Demetallica from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Demetallica's activities or forfeiture of one or more of its tenements or Projects.</p>

7.4 General risks

Risk Category	Risk
Additional requirements for capital	<p>Demetallica's capital requirements depend on numerous factors. Demetallica may require further financing in addition to amounts raised under the Demetallica IPO. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve</p>

Risk Category	Risk
	restrictions on financing and operating activities. If Demetallica 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 Demetallica will be able to secure any additional funding or be able to secure funding on terms favourable to the Demetallica.
Reliance on key personnel	<p>The responsibility of overseeing the day-to-day operations and the strategic management of Demetallica depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on Demetallica if one or more of these employees cease their employment.</p> <p>Demetallica's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on Demetallica's business.</p>
Economic	General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on Demetallica's exploration, development and production activities, as well as on its ability to fund those activities. If activities cannot be funded, there is a risk that some of the Company's Projects or areas within its Projects may have to be surrendered or not renewed. General economic conditions may also affect the value of Demetallica and its valuation regardless of its actual performance.
Competition risk	The industry in which Demetallica will be involved is subject to domestic and global competition. Although Demetallica will undertake all reasonable due diligence in its business decisions and operations, Demetallica will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of Demetallica's projects and business.
Currently no market	<p>There is currently no public market for the Demetallica Shares, the price of its Shares is subject to uncertainty and there can be no assurance that an active market for the Demetallica Shares will develop or continue after the Demetallica IPO.</p> <p>The price at which the Demetallica Shares trade on ASX after listing may be higher or lower than the issue price of Shares offered under the Prospectus and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and Demetallica have no control, such as movements in mineral prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.</p> <p>There can be no guarantee that an active market in the Demetallica Shares will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.</p>

Risk Category	Risk
Market conditions	<p>If Demetallica completes the Demetallica IPO, share market conditions may affect the value of its Shares regardless of its operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) interest rates and inflation rates; (d) changes in investor sentiment toward particular market sectors; (e) the demand for, and supply of, capital; and (f) terrorism or other hostilities. <p>The market price of Shares 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 Demetallica nor the Directors warrant the future performance of Demetallica or any return on an investment in Demetallica.</p> <p>Shareholders should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the shares regardless of Demetallica's performance.</p> <p>Further, after the end of the relevant escrow periods affecting Shares in Demetallica, a significant sale of then tradeable Shares (or the market perception that such a sale might occur) could have an adverse effect on Demetallica's Share price.</p>
Commodity price volatility and exchange rate risks	<p>If Demetallica achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of Demetallica to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of Demetallica. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.</p> <p>Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of Demetallica will be taken into account in Australian currency, exposing Demetallica to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.</p>
Government policy changes	<p>Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of Demetallica. It is possible that the current system of exploration and mine permitting in Queensland and South Australia, or elsewhere where the Company carries on its operations from time to time, may change, resulting in impairment of rights and possibly expropriation of Demetallica's properties without adequate compensation.</p>
Insurance	<p>Demetallica intends to insure its operations in accordance with industry practice. However, in certain circumstances Demetallica's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Demetallica.</p>

Risk Category	Risk
	Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.
Force Majeure	Demetallica's projects now or in the future may be adversely affected by risks outside the control of Demetallica including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.
Taxation	The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Demetallica 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, Demetallica, 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.
Litigation Risks	Demetallica is exposed to possible litigation risks including contractual, native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, Demetallica may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on Demetallica's operations, reputation, financial performance and financial position. Demetallica is not currently engaged in any litigation.

7.5 Investment speculative

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.

8. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

8.1 Directors and key personnel

8.1.1 Directors

The Board of the Company consists of:

- (a) Dr Roger Higgins (BE, MSc, PhD, FAusIMM, FIEAust) – *Non-Executive Chair*

Roger Higgins has over 40 years' experience in mine management, project development and sustainability. He has worked in Australia, Canada, Chile, Papua New Guinea and USA. He is a Non-Executive Director of Newcrest Mining Ltd (ASX: NCM) and Worley Ltd (ASX: WOR), Non-Executive Chairman of Ok Tedi Mining Ltd and Adjunct Professor with the Sustainable Minerals Institute (University of Queensland).

The Board considers that Dr Higgins is an independent Director.

- (b) Andrew Woskett (BE (Civil), M Comm Law) – *Managing Director*

Andrew Woskett graduated in civil engineering, worked for 4 years in petroleum retail infrastructure then joined CRA group company Minenco in 1981. He has 40 years project and corporate experience, directly responsible for definition, evaluation, construction and management of resource projects in base metals, gold, nickel, iron ore and coal. Andrew is a Fellow of the Australasian Institute of Mining and Metallurgy and has a post graduate degree in commercial law.

Andrew was managing director of Ballarat Goldfields NL (1993-2002), initiating modern underground mine development and consolidating the Ballarat field under single ownership. He was founding managing director of Spitfire Oil plc (2005-2008) and listed Spitfire on AIM in 2007. He became managing director of Minotaur Exploration (ASX: MEP) in March 2010 and ceased in that role on 28 February 2022 upon its merger with Andromeda Metals Ltd.

The Board considers that Mr Woskett is not an independent Director.

- (c) George McKenzie (BA (law) LLB (cum laude), FAICD) – *Non-Executive Director*

George McKenzie is a resources and native title lawyer with over 25 years' experience representing many of South Australia's explorers and mine developers. He was a long standing Councillor of the South Australian Chamber of Mines and Energy Inc (SACOME), having served as Vice-President and is an Honorary Life Member of SACOME. He was a member of the Minerals and Energy Advisory Council which advised the South Australian Minister of Mineral Resources and Energy on strategic issues, from 2000 to 2019.

The Board considers that Mr McKenzie is an independent Director.

- (d) Dr Antonio (Tony) Belperio (BSc (Hons), PhD and FAusIMM) – *Non-Executive Director*

Building on BSc (Hons) and PhD qualifications in geology, Tony Belperio has accumulated over 40 years of experience in a wide variety of

geological disciplines in university, government and mineral exploration entities. He has been awarded the University of Adelaide's Tate Memorial Medal, the Geological Society of Australia's Stillwell Award and Webb Medal, and AMEC's Prospector of the Year Award for contributions in academic, government and exploration geosciences.

Tony has demonstrated notable strategic leadership in copper-gold exploration, having played a lead role in the discovery of the Prominent Hill iron-oxide copper-gold deposit in 2001 in South Australia, and the Artemis and Jericho polymetallic discoveries in 2014 and 2017 respectively in the Cloncurry district. More recently Tony has pioneered the application of natural clay nanomaterials to address global environmental issues.

Tony is a Fellow of the AusIMM and Non-Executive Director of Copper Search Ltd (ASX: CUS).

The Board considers that Dr Belperio is an independent Director.

8.1.2 Key management

- (a) Glen Little BSc (Hons), MAusIMM – *Manager Exploration and Business Development*

Manager Exploration and Business Development
Glen is a +25-year exploration geologist and manager experienced across gold, copper and base metals. Glen has a strong record in copper-gold exploration, resource definition, project evaluation, project generation and business development. Glen managed Minotaur Exploration's technical activities for 7 years, leading the team to discovery of the Jericho copper-gold deposit. With Demetallica he will define and guide exploration directions and progress the business towards development of key projects.

- (b) Varis Lidums BEc, LLB, MBA, CA – *Company Secretary and Commercial Manager*

Varis Lidums is a Chartered Accountant with over 25 years' experience in the resources, energy and accounting industries. He held senior positions in the UK with BP and Shell and was a Councillor of the South Australian Chamber of Mines and Energy Inc. (SACOME). Varis joined Minotaur Exploration in 2012 and has gained hands-on M&A experience through Minotaur's 2013 takeover of Breakaway Resources Ltd, 2022 merger with Andromeda Metals and Minotaur's numerous asset disposals and purchases.

The Company is aware of the need to have sufficient management to properly supervise its operations in which the Company has, or will in the future have, an interest and the Board will continually monitor the management roles in the Company. As the Company's growth requires an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's business.

8.2 Disclosure of interests

Director	Remuneration		Shares ⁽¹⁾	Performance Rights
	FY2022	FY2023		
Dr Roger Higgins ⁽²⁾	\$30,000	\$90,000	385,322	Nil
Andrew Woskett ⁽³⁾	\$107,780	\$355,675	315,841	2,000,000
George McKenzie ⁽⁴⁾	\$15,000	\$45,000	148,203	Nil
Dr Antonio Belperio ⁽⁵⁾	\$15,000	\$45,000	324,037	Nil

Notes:

- In addition to these Shares, the Directors have indicated their intention to apply for up to the following Shares under the Offer:
 - Dr Roger Higgins: 400,000 Shares;
 - Andrew Woskett: 400,000 Shares;
 - George McKenzie: 400,000 Shares; and
 - Dr Antonio Belperio: 400,000 Shares.

Whether each of the Directors apply for or receive the full amount of their intended application will depend on the number of Applications received and the Company's allocation policy.
- Dr Higgins' relevant interest in the Shares is held in entities in which Dr Higgins has a relevant interest as a beneficiary.
- Mr Woskett will receive annual remuneration of \$355,675 per annum (inclusive of super). Mr Woskett's relevant interest in the Shares are held by Mr Woskett and his wife.
- Mr McKenzie's relevant interest in the Shares is held in entities in which Mr McKenzie has a relevant interest as a beneficiary.
- Dr Belperio's relevant interest is held by Dr Belperio's wife and by entities in which Dr Belperio has a relevant interest as a beneficiary.

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a Director. The Company's Constitution provides that the total remuneration of non-executive Directors will be not more than \$500,000 per annum, although this may be varied by ordinary resolution of the Shareholders in general meeting. The remuneration of any executive or Managing Director that may be appointed to the Board will be fixed by the Board from time to time.

8.3 Agreements with Directors and related parties

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

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

The agreements between the Company and related parties are summarised in Section 9.

8.4 Corporate governance

- ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council (Recommendations).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website www.demetallica.com.au.

(b) Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (i) maintain and increase Shareholder value;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities consistent with the Company's stated values; and
- (iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (i) leading and setting the strategic direction, values and objectives of the Company;
- (ii) appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of senior executives and the Company Secretary;
- (iii) overseeing the implementation of the Company's strategic objectives, values, code of conduct and performance generally;
- (iv) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- (v) overseeing the integrity of the Company's accounting and corporate reporting systems, including any external audit (satisfying itself financial statements released to the market fairly

and accurately reflect the Company's financial position and performance);

- (vi) establishing procedures for verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor, to ensure that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions;
- (vii) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (viii) reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- (ix) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

(c) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting, subject to the following:

- (i) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (ii) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent Shareholders and fulfil the business objectives and values of the Company as well as to deal with new and emerging business and governance issues.

The Board currently consists of four Directors (three non-executive Directors and one executive Director) of whom the non-executive directors are considered independent. The Board considers the current balance of skills and expertise to be appropriate given the Company for its currently planned level of activity.

To assist in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board intends to maintain a Board Skills Matrix to ensure that the Board has the skills to discharge its obligations effectively and to add value.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director or senior executive.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors, which is tailored to their existing skills, knowledge and experience. The purpose of this program is to allow new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of the Company's policies and procedures.

The Board maintains oversight and responsibility for the Company's continual monitoring of its diversity practices. The Company's Diversity Policy provides a framework for the Company to achieve enhanced recruitment practices whereby the best person for the job is employed, which requires the consideration of a broad and diverse pool of talent.

(d) Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(e) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards and to conducting all of the Company's business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. In particular, the Company and the Board are committed to preventing any form of bribery or corruption and to upholding all laws relevant to these issues. In addition, the Company encourages reporting of actual and suspected violations of the Company's Code of Conduct or other instances of illegal, unethical or improper conduct. The Company and the Board provide effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Protection Policy.

(f) Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(g) Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

In accordance with the Constitution, the total maximum remuneration of non-executive Directors is initially set by the Board 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 \$500,000 per annum.

In addition, a Director may be paid fees or other amounts for example, and subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having regard to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(h) Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

(i) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company. From time to time, the Board will review the scope, performance and fees of those external auditors.

(j) Audit committee

The Company has established an audit committee, the duties of which include, but are not limited to:

- (i) monitoring and reviewing any matters of significance affecting financial reporting and compliance;
- (ii) verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor;
- (iii) monitoring and reviewing the Company's internal audit and financial control system, risk management systems; and
- (iv) management of the Company's relationships with external auditors.

(k) Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the

extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's compliance and departures from the Recommendations will also be announced prior to admission to the Official List of the ASX.

9. MATERIAL CONTRACTS

Set out below is a brief summary of certain contracts to which the Company is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

9.1 Capital Raising Agreements

9.1.1 Joint Lead manager Mandate

The Company has signed a mandate letter to engage Argonaut Securities Pty Ltd (Argonaut) and Euroz Hartleys Limited (Euroz Hartleys) to act as joint lead manager (JLM) of the Offers (Joint Lead Manager Mandate). The material terms and conditions of the Joint Lead Manager Mandate are summarised below:

Engagement	Under the Joint Lead Manager Mandate, the Company has appointed Argonaut and Euroz Hartleys to jointly act as JLMs on an exclusive basis.
Fees	<p>Under the terms of this engagement the Company will:</p> <ul style="list-style-type: none"> (a) pay a management fee, in cash, of A\$100,000 upon admission of the Company to the official list of the ASX; (b) pay a 6% capital raising fee on funds raised under the Public Offer; (c) pay a 4% capital raising fee on funds raised under the Priority Offer; (d) pay a 2% capital raising fee on funds raised from certain parties; (e) issue that number of unlisted options which equals 4.5% of the number of new shares allotted pursuant to the Offer. <p>The JLMs will split these fees equally, except in respect to participation by each of the JLM's retail desks, for which the fees payable on retail desk participation will be paid to each respective JLM.</p> <p>The Company will also cover the cost of any reasonable disbursements and out of pocket expenses incurred by the JLM's, which will be agreed upon between the JLM's and the Company prior to their incursion.</p>
Additional Services and Future Transactions	<p>During the 12 month period commencing from completion of the IPO, the Company will consult with the JLM's in respect of all equity capital raising initiatives and offer the JLM's first right to act as lead brokers/joint lead brokers (as the case may be) to the offer in respect of any equity capital raising that the Company undertakes during the relevant period.</p> <p>In respect of any equity capital raising during the 12 month period commencing on completion of the IPO, the Company will upon settlement of that equity capital raising pay the JLMs a fee of 6% of the proceeds.</p>

The agreement otherwise contains provisions considered standard for an agreement of its nature.

9.2 Acquisition Agreements

9.2.1 Sandfire Asset Sale Agreement

The Company, its wholly owned subsidiary Levuka Resources Pty Ltd (Levuka), and Sandfire Resources Limited ACN 105 154 185 (Sandfire) and Minotaur have entered into an asset sale agreement (Tenement Sale Agreement). Under the Tenement Sale Agreement Sandfire agreed to sell its legal and beneficial interest in the following tenements (Tenements) and mining information to Levuka:

- (a) Its 60% interest in the tenements comprising the Altia Tenements;
- (b) the Breena Plains Tenements;
- (c) Cannington Tenements;
- (d) all technical information including geological, geochemical and geophysical reports, surveys, mosaics, ariel photographs, samples, drill core, drill logs, drill pulp, assay results, maps and plans, relating to the Altia Tenements, the Breena Plains Tenements and the Cannington tenements (Mining Information),

(together the Sale Assets).

As Consideration for the Sale Assets, Minotaur made payment of a \$100,000 deposit to Sandfire and issued to Sandfire:

- (e) 18 million Shares in Minotaur;
- (f) one million share options at \$0.20 with an expiry date of 29 March 2024 (Consideration Options); and
- (g) A 1% net smelter royalty for the Altia Tenements, Breena Plains Tenements and Cannington Tenements.

Subsequently Sandfire exercised the Consideration Options and Minotaur paid \$200,000 to Sandfire as required by the Tenement Sale Agreement.

The Company has also issued to Sandfire 456,953 Shares being the number of fully paid ordinary shares Sandfire would have received as part of the in-specie distribution to Minotaur shareholders if the Sandfire had held 9,000,000 Minotaur Shares at the time of the in-specie distribution.

On completion of the Offers the Company will issue to Sandfire 7,476,840 Shares, which was determined in accordance with the following formula:

$$\frac{A \times B}{C}$$

Where:

A = 10,350,000, being the number of Andromeda shares that Sandfire would have received if Sandfire had accepted the Andromeda takeover offer in relation to 9,000,000 Minotaur shares;

B = \$0.1806, being the Andromeda 5 day VWAP up to 10 November 2021; and

C = \$0.25, being the Offer Price.

The agreement otherwise contains provisions considered standard for an agreement of its nature.

9.2.2 OZ JV Interest Sale Agreement

The Company, its wholly owned subsidiary Levuka and OZ Exploration Pty Ltd ACN 137 626 914 (OZ) have entered into an JV Interest sale agreement (JV Interest Sale Agreement). Under the JV Interest Sale Agreement, OZ agreed to sell its legal and beneficial interest in the following assets to the Company:

- (a) the Jericho JV interest – OZ's 80% right, title and interest in the Jericho JV Area and the Jericho Mining Information; and
- (b) the Eloise JV interest – OZ's 70% right, title and interest in the Eloise JV Area and the Eloise Mining Information,

(together the Sale Assets).

The JV Interest Sale Agreement is subject to the Offers being successfully completed and raising capital of at least \$10 million and, the Demetallica shares commencing trading on the ASX.

As consideration for the Sale Assets the Company has paid OZ a non-refundable deposit of \$475,000. Following the completion of the Offers the Company will make payment of \$6.125 million to OZ. Following the completion of the Offers the Company will:

- (c) pay OZ up to US\$8,818,492 in aggregate calculated at the rate of US\$0.04 per pound (lb) of payable copper payable when:
 - (i) A Demetallica JORC Statement is first announced on the ASX or a competent person first declares a measured & indicated resource which included a quantity payable copper;
 - (ii) payable copper is first mined;
 - (iii) any subsequent Demetallica JORC Statement (if any) is announced on the ASX or a competent person declares a subsequent measured & indicated resource (if any) which includes a quantity of payable copper; and
 - (iv) Any subsequent payable copper (if any) is mined.
- (d) pay OZ \$2.75 million upon a positive pre-feasibility study in respect of the Jericho JV Area and/or the Eloise JV Area being published by the Company.

Further under the JV Interest Sale Agreement, OZ agrees to subscribe for up to \$1,582,360 of the Company's Shares at a price equal to the 5-day volume weighted average price of the Company's Shares over the first 5 days in which the Company is traded on ASX. Based on Offer Price of \$0.25, that would equate to 6,329,440 Shares.

9.3 Joint Venture Agreements

9.3.1 Eloise Joint Venture

The Eloise joint venture (Eloise JV) is a joint venture over tenements in the Cloncurry region in Queensland (excluding the Jericho tenements), in which 70% of the interests are owned by OZ and 30% by the Company.

By implementation and completion of the JV Interest Sale Agreement, the Eloise JV will be terminated and full ownership of the Eloise JV tenements will reside with the Company.

The sale agreement pursuant to which the Company will acquire its interest in this Project from OZ is summarised in Section 9.2.2 above.

9.3.2 Jericho Joint Venture

The Jericho joint venture (Jericho JV) is a joint venture over tenements in the Cloncurry region in Queensland (including a tenement area located alongside the Eloise JV tenements). Currently the Company is the operator of the Jericho JV and holds a 20% interest with OZ holding an 80% interest.

Under the terms of the Jericho JV, OZ is obligated to loan-carry the Company and sole fund all Jericho JV expenditure through to commercial production. The loan to the Company is a non-recourse loan, which is repayable only if positive cash flow emanates from commercial production from the Jericho JV.

By implementation and completion of the JV Interest Sale Agreement, the Jericho JV will be terminated and full ownership of the Jericho tenements will reside with the Company and the non-recourse loan will be extinguished.

9.3.3 Peake and Denison Joint Venture

The Peake and Denison joint venture (Peake and Denison JV) is a joint venture and farm-in over tenements in the William Creek region in South Australia, between OZ and the Company. Currently the Company holds 100% of the interests in the Peake and Denison Project.

The Peake and Denison JV requires OZ to invest \$869,300 on exploration in the first year (Minimum Commitment). Thereafter OZ may earn an initial 51% tenement interest by sole funding \$4 million (including the Minimum Commitment) through the next 3-year period. OZ may then earn an additional 19% interest for the further expenditure of \$6 million over the subsequent 3 years. Thus, to attain its maximum interest of 70% over 7 years OZ must invest a total of \$10 million.

9.3.4 Moonta Joint Venture

The Moonta joint venture (Moonta JV) is a joint venture over tenements in the Moonta region in South Australia, in which 90% of the interests are owned by Peninsula Resources Ltd and 10% by the Company.

9.3.5 North Flinders Joint Venture

The North Flinders joint venture (North Flinders JV) is a joint venture over tenements in the North Flinders region in South Australia, in which 90% of the interests are owned by Perilya Ltd and a 10% free carried interest by the Company until completion of a bankable feasibility study.

9.4 Royalty Agreements

9.4.1 Western Australian Royalty

Under an agreement between the Company and Shine Resources Pty Ltd (ACN 168 094 808) (Shine), Shine has agreed to pay the Company a royalty of \$10 per troy ounce of gold produced from ore extracted from tenements, P29/2121, E29/661 and M24/336, up to a cap of \$250,000.

9.4.2 Queensland Royalty

Under an agreement between the Company and Larvotto Resources Limited (ACN 645 596 238) (Larvotto) and TAS Exploration Pty Ltd (ACN 647 903 982) (TAS Exploration), Larvotto and TAS Exploration agreed to pay the Company a net

smelter royalty of 1% from ore extracted from tenements, EPM 16197, EPM 17914, EPM 17947, EPM 19733, EPM 18492 and EPM 17638.

9.4.3 West Kambalda Royalty

Under an agreement between the Company and Maximus Resources Limited (ACN 111 977 354) (Maximus Resources), Mariner Mining Pty Ltd (ACN 139 769 958)(Mariner Mining) and Spargoville Minerals Pty Ltd (ACN 643 599 973)(Spargoville Minerals), Maximus Resources, Mariner Mining and Spargoville have agreed to pay the Company a net smelter royalty of 1.5% from ore extracted from tenements, M15 395, M15 703, L15 128, L15 255, E15 1688, E15 1689.

9.4.4 Pyramid Royalty

Under an agreement between the Company and Avira Resources Ltd (Avira), the Company has agreed to pay Avira a net smelter royalty of 1.5% from ore extracted from tenements, EPM 12887, EPM 19554, EPM 25154.

9.5 Agreements with related parties

9.5.1 Magill Lease

On 7 January 2013, the Company entered into a lease agreement with Maria Belperio (Magill Lease Agreement). Maria Belperio is a related party of the Company by virtue of being related party of a Director, Dr Belperio, meaning the Magill Lease Agreement represents a related party arrangement. As set out above, the Company obtained Board approval to enter into the Magill Lease Agreement. The material terms and conditions of the Magill Lease Agreement are summarised below:

Premises	557-561 Magill Road Magill SA 5072 (being Certificate of Title Register Book Volume 5603 Folio 690).
Parties	Maria Belperio – Landlord Demetallica Operations - Tenant
Term	Ongoing
Rent	\$120,000 (plus GST) multiplied by the percentage of the premises that is being occupied by the Tenant (to be calculated monthly)
Permitted Use	Warehouse, showroom display and office.
Bank Guarantee	The Tenant agreed to provide a bank guarantee to the value of \$100,000.

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

9.5.2 Andrew Woskett

The Company has entered into a consultancy agreement with Value Metals Pty Ltd (an entity controlled by Mr Woskett) under which Mr Woskett will act as Managing Director of the Company on the following terms:

Remuneration	Under the agreement, Mr Woskett is entitled to cash remuneration of \$355,675 per annum (inclusive of
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	superannuation) and is also entitled to participate in the Company's employee incentive program.
Term	The executive services agreement commenced on 1 March 2022 and continues in force until terminated in accordance with its terms.
Termination by Company	The agreement may be terminated by the Company at any time by providing 3 months written notice or immediately upon payment to Mr Woskett of 9 months of salary.
Termination by Consultant	The agreement may be terminated by Mr Woskett at any time by providing 3 months written notice.

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

9.5.3 Non-executive Director appointments

The Company has entered into non-executive appointment letters with each of Dr Higgins, Dr Belperio and Mr McKenzie pursuant to which each is appointed as a non-executive director of the Company and from then on subject to the Constitution relating to retirement by rotation and re-election of directors.

Dr Higgins will receive a directors' fee of \$100,000 acknowledging his role as Chair of the Company. Dr Belperio and Mr McKenzie will each receive remuneration of \$65,000 for services rendered as non-executive directors.

9.5.4 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

10. ADDITIONAL INFORMATION

10.1 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.

10.2 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.

10.3 Lead Manager Options

Set out below are the terms and conditions of the Lead Manager Options:

(a) Entitlement

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

(b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.375 (Exercise Price)

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date that is 48 months after their issue (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

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

(e) Notice of Exercise

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

(f) Exercise Date

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

(g) Timing of issue of Shares on exercise

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

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

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

(h) Shares issued on exercise

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

(i) Reconstruction of capital

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

(j) Participation in new issues

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

(k) Change in exercise price

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the

Options, the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(l) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares or other securities which must be issued on the exercise of an Option will be increased by the number of Shares or other securities which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(m) Transferability

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

10.4 Performance Rights and Option Plan

The Company has adopted a Performance Rights Plan (Performance Rights Plan) to allow eligible participants to be granted Performance Rights in the Company. The principle terms of the Performance Rights Plan are summarised below:

The Company adopted a Performance Rights and Option Plan (PROP) on 8 April 2022, the key terms of which are as follows:

(a) Eligibility

Participants in the PROP consist of:

- (i) a Director (whether executive or non-executive) of any Group Company;
- (ii) a full or part time employee of any Group Company;
- (iii) a casual employee or contractor of a Group Company to the extent permitted by the Class Order; or
- (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming and Eligible Participant under Rules (i), (ii) or (iii) above,

who is declared by the Board to be eligible to receive grants of Awards under the PROP.

(b) Offer

The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Awards, upon the terms set out

in the PROP and upon such additional terms and conditions as the Board determines.

(c) Limit on Offers

Where the Company has relied or intends relying on the Class Order to make an offer, the Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

(d) No Consideration

- (i) Performance Rights granted under the PROP will be issued for nil cash consideration.
- (ii) Unless the Options are quoted on the ASX, Options issued under the PROP will be issued for no more than nominal cash consideration.

(e) Exercise Price

The Board may determine the Option exercise price (if any) for an Option offered under the offer in its absolute discretion. To the extent the ASX Listing Rules specify or require a minimum price, the Option Exercise Price in respect of an Option offered under an offer must not be less than any minimum price specified in the ASX Listing Rules.

(f) Vesting Conditions

An Award may be subject to Vesting Conditions as determined by the Board in its discretion and as specified in the offer for the Awards.

(g) Lapse of an Award

An Award will lapse upon the earlier to occur of:

- (i) an unauthorised dealing in, or hedging of, the Award occurring;
- (ii) a vesting condition in relation to the Award is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the vesting condition and vest the Award;
- (iii) in respect of an unvested Award only, a Relevant Person ceases to be an Eligible Participant, unless the Board:
 - (A) exercises its discretion to vest the Award; or
 - (B) in its absolute discretion, resolves to allow the unvested Award to remain unvested after the Relevant Person ceases to be an Eligible Participant.

- (iv) in respect of a vested Award only, a Relevant Person ceases to be an Eligible Participant and, where required by the Board in its absolute discretion, the vested Performance Right is not exercised within a one (1) month period (or such other period as the Board determines) as notified by the Board to the Participant after the date the Relevant Person ceases to be an Eligible Participant;
 - (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
 - (vi) the Company undergoes a change of control or a winding up resolution or order is made, and the Award does not vest; and
 - (vii) the Expiry Date of the Award.
- (h) Not transferable

Awards are only transferable:

 - (i) in special circumstances or a change of control, in either case with the consent of the Board (which may be withheld in its absolute discretion); or
 - (ii) by force of law upon **death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.**
- (i) Shares

All Shares issued under the PROP will rank equally in all respects with the Shares of the same class for the time being on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their issue.
- (j) Restriction of Dealing in Shares

The Board may, in its discretion, determine at any time up until exercise of an Award, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Awards (Restricted Shares), up to a maximum of five (5) years from the Grant Date of the Awards (Restriction Period).
- (k) No participation rights

There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.
- (l) Change in exercise price of number of underlying securities

An Award does not confer the right to a change in Exercise Price or in the number of underlying Shares over which the Award can be exercised.
- (m) Reorganisation

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

(n) Trust

The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Awards, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust.

The maximum number of Shares proposed to be issued under the PROP is the maximum permitted under the ASIC Class Order.

- (o) Directors are entitled to participate in the Performance Rights Plan, subject to any requisite Shareholder approvals. The Company currently proposes issuing 2,000,000 Performance Rights to Andrew Woskett only.

10.5 Rights attaching to Performance Rights

Subject to approval by ASX, the Company has agreed proposed terms of Performance Rights to be issued to Andrew Woskett prior to the Company commencing trading on ASX. The Company has applied to ASX for approval of the terms of the Performance Rights under ASX Listing Rule 6.1. Where ASX requires any amendments to the terms of the Performance Rights in order for them to be approved, the Company will act in good faith with Mr Woskett to agree those amendments to retain the intent of the incentive and performance objectives contained in these terms.

10.5.1 Terms of Performance Rights

(a) Milestones

The Performance Rights shall convert to Shares upon the Company achieving the applicable Milestone for that Class of Rights, prior to the applicable expiry date of that Class of Rights.

The Milestones and expiry dates for each Class of Rights is set out below.

(b) Notification to holder

The Company shall notify the holder in writing when the Milestone has been satisfied.

(c) Conversion

Subject to paragraph (m), upon vesting, each Performance Right will, at the election of the holder, convert into one (1) Share.

(d) Share ranking

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(e) Application to ASX

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(f) Transfer of Performance Rights

The Performance Rights are not transferable.

(g) Lapse of a Performance Right

If the Milestone attached to the relevant Performance Right has not been satisfied within the time period set out in paragraph (a), the relevant Performance Rights will automatically lapse.

(h) Participation in new issues

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(i) Reorganisation of capital

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(j) Adjustment for bonus issue

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.

(k) Dividend and Voting Rights

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(l) Change in Control

Subject to paragraph (m), upon:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
 - (B) having been declared unconditional by the bidder.
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of the Milestone, Performance Rights will accelerate vesting conditions and will automatically convert into Shares on a one-for-one basis.

(m) Deferral of conversion if resulting in a prohibited acquisition of Shares

If the conversion of a Performance Right under paragraph (c) or (l) would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (General Prohibition) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and
- (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(n) No rights to return of capital

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(o) Rights on winding up

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(p) No other rights

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

10.5.2 Conversion of the Performance Rights

(a) Milestones

Subject to sub-paragraph (b), Performance Rights will vest and be convertible into one (1) Share on the achievement of the milestones described below:

Short term incentives (STIs)

- No. of Performance Rights: 500,000

- Time period for achievement of milestone: 12 months from issue
- Milestones:
 - up to 250,000 Performance Rights shall be capable of being converted upon the financial budget established by the Board being achieved and there being no employee fatality or serious long term injury or serious environmental incident occurring at the Company's Projects; and
 - up to 250,000 Performance Rights shall be capable of being converted upon the operational budgets established by the Board being exceeded and there being no employee fatality or serious long term injury, or serious environmental incident occurring at the Company's Projects.
- Assuming no fatality, long term injury or environmental issue, the Board may, in its discretion determine that some of the Performance Rights may vest upon a consideration of the performance of the Company against the financial and operational budgets up to the limits outlined above.

Long Term Incentives (LTIs)

- No. of Performance Rights: 1,500,000
- Time period for achievement of milestones: 3 years from issue
- Milestones:
 - 750,000 Performance Rights shall be capable of being converted upon the Company achieving one of the following strategic goals:
 - the achievement of the objective that will see the Company required to pay Oz Minerals \$2.75 million under the JV Interest Sale Agreement; or
 - the Company's total JORC Resources exceed 500kt of copper equivalent; or
 - the Company undertakes a material asset acquisition or disposal.
 - 750,000 Performance Rights shall be capable of being converted upon the Company's share price achieving a 30-day volume weighted average price of \$0.50 or more.

(b) Conversion of Performance Rights

Subject to paragraph (b)(ii) below, in the event a Milestone is satisfied, the Performance Rights held by the holders will be capable of being converted by the holder where the holder provides the Company with:

- (i) the certificate for the Performance Rights or, if the certificate for the Performance Rights has been lost, mutilated or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which

might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost, mutilated or destroyed; and

- (ii) a notice in the form provided in the incentive performance rights plan addressed to the Company and signed by the Participant stating that the Participant request to convert the Performance Rights and specifying the number of Performance Rights which are to be converted.

If the exercise of the Performance Rights into the Company Shares would result in the holder being in contravention of section 606(1) of the Corporations Act, then the conversion of such number of Performance Rights that would cause the contravention will be deferred until such time or times thereafter the conversion would not result in such a breach.

Performance Rights that have not been converted within five (5) years from the date of issue shall automatically lapse.

(c) After Conversion

The Shares issued on conversion of the Performance Rights will, as and from 5:00pm (Adelaide time) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

(d) Conversion Procedure

The Company will issue the holders with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Rights into Shares.

10.5.3 Disclosure re Performance Rights

The following disclosures are made for the purposes of ASX in relation to the Performance Rights:

- (a) The Performance Rights are being issued to Mr Woskett as part of his remuneration package, in order to link part of his remuneration payable to specific performance milestones described below linked to the ongoing growth of the Company. The Performance Rights are being issued to incentivise Mr Woskett as the key executive of the Company.
- (b) A summary of the executive services agreements for Mr Woskett is set out in Section 9.5 of the Prospectus. As an executive director of the Company, Mr Woskett will **play a key role in executing the Company's** business strategy as described in this Prospectus, which is directly aligned with the performance milestones for the Performance Rights.
- (c) Details of the existing total remuneration package for Mr Woskett is disclosed at Section 8.2 of the Prospectus.
- (d) Details of the security holdings of Mr Woskett (assuming completion of the Offer) is set out in Section 8.2 of the Prospectus.

- (e) The Company considers it necessary and appropriate to further remunerate and incentivise Mr Woskett to achieve the applicable performance milestones for the following reasons:
- (i) the issue of Performance Rights to Mr Woskett will further align the interests of Mr Woskett with those of Shareholders and the Company;
 - (ii) the Performance Rights are unlisted, therefore the grant of the Performance Rights has no immediate dilutionary impact on Shareholders;
 - (iii) the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Woskett; and
 - (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights on the terms proposed.
- (f) The number of Performance Rights to be issued to Mr Woskett was **determined by the Board following arm's length negotiations with Mr Woskett**, and having regard to:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of Mr Woskett and the weighting of the different milestones; and
 - (iii) incentives to retain the service of Mr Woskett, while maintaining **the Company's cash reserves**.

The Board considers the number of Performance Rights to be appropriate and equitable for the following reasons:

- (i) **the Performance Rights are consistent with ASX's policy regarding the base requirements for performance securities**, which are detailed in section 9 of ASX Guidance Note 19;
 - (i) the number of Shares into which the Performance Rights will convert if the milestones are achieved is fixed (one for one) which allows investors and analysts to readily understand and **have reasonable certainty as to the impact on the Company's capital structure** if the milestones are achieved;
 - (ii) there is an appropriate link between the milestones and the purposes for which the Performance Rights are being issued and the conversion milestones are clearly articulated by reference to objective criteria;
 - (iii) there is an appropriate link to the benefit of Shareholders and the Company at large through the achievement of the milestones, which have been constructed so that satisfaction of the

milestones will be consistent with increases in the value of Company's business;

- (iv) the Performance Rights which are proposed to be issued represent a small proportion of the Company's issued capital upon listing (less than 2% of issued Share capital); and
- (v) the Performance Rights have an expiry date by which the milestones are to be achieved and, if the milestones are not achieved by that date, the Performance Rights will lapse.

10.6 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.

10.7 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.

Agricola Mining Consultants Pty Ltd has acted as Independent Geologist and has prepared the Independent Technical Assessment Report which is included in Annexure A. The Company estimates it will pay Agricola Mining Consultants Pty Ltd a total of \$12,500 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Agricola Mining Consultants Pty Ltd has not received fees from the Company for any other services.

Grant Thornton Corporate Finance Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Annexure C. The Company estimates it will pay Grant Thornton Corporate Finance Pty Ltd a total of \$40,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Grant Thornton Corporate Finance Pty Ltd has not received fees from the Company for any other services.

Grant Thornton has been appointed as the Company's auditor. The Company estimates it will pay Grant Thornton a total of \$55,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Grant Thornton has received \$50,000 in fees from the Company for audit and review services.

Argonaut will receive a portion of the up to 6% capital raising fee on the total amount raised under the Prospectus and portion of the \$100,000 management fee (plus GST) following the successful completion of the Offer for its services as a Joint Lead Manager to the Offer. Argonaut will be responsible for paying all capital raising fees that it and the Company agrees with any other financial service licensees. Further details in respect to the Joint Lead Manager Mandate with Argonaut and Euroz Hartleys are summarised in Section 9.1.1. During the 24 months preceding lodgement of this Prospectus with the ASIC, Argonaut has not received fees from the Company for any other services.

Euroz Hartleys will receive a portion of the up to 6% fee on the total amount raised under the Prospectus and portion of the \$100,000 management fee (plus GST) following the successful completion of the Offer for its services as a Joint Lead Manager to the Offer. Euroz Hartleys will be responsible for paying all capital raising fees that it and the Company agrees with any other financial service licensees. Further details in respect to the Joint Lead Manager Mandate with Argonaut and Euroz Hartleys are summarised in Section 9.1.1. During the 24 months preceding lodgement of this Prospectus with the ASIC, Euroz Hartleys has not received fees from the Company for any other services.

Argonaut PCF has acted as Financial Adviser to the Company in relation to the Offer. The Company estimates it will pay Argonaut PCF \$20,000(excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Argonaut PCF has not received fees from the Company for any other services.

Steinepreis Paganin has acted as the Australian legal advisers to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$95,500 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received fees from the Company for any other services.

O'Loughlins Lawyers has acted as the tenement solicitor to the Company in relation to the Offer and prepared the Solicitor's Report on Tenements set out in Annexure B. The Company estimates it will pay O'Loughlins \$50,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, O'Loughlins has received fees totalling \$12,965 from the Company for other services.

10.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offer or of the Shares), the Directors, 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.

Agricola Mining Consultants Pty Ltd has given its written consent to being named as Independent Geologist in this Prospectus, the inclusion of the Independent Technical Assessment Report in Annexure A in the form and context in which the report is included.

Grant Thornton Corporate Finance Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the **Investigating Accountant's Report** in Annexure C in the form and context in which the information and report is included.

Grant Thornton has given its written consent to being named as auditor of the Company in this Prospectus and the inclusion of the audited financial information

of the Company contained in the Investigating Accountants Report included in to this Prospectus the form and context in which it appears.

Steinepreis Paganin has given its written consent to being named as the Australian legal advisers to the Company in relation to the Offer in this Prospectus.

O'Loughlins Lawyers has given its written consent to being named as the tenement solicitors in this Prospectus and to the inclusion of the Solicitor's Report on Tenement this Prospectus.

Argonaut has given its written consent to being named as a Joint Lead Manager to the Company in this Prospectus.

Euroz Hartleys has given its written consent to being named as a Joint Lead Manager to the Company in this Prospectus.

Argonaut PCF has given its written consent to being named as a Financial Adviser to the Company in this Prospectus.

Computershare Investor Services Pty Limited has given its written consent to being named as the share registry to the Company in this Prospectus.

10.9 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$1,119,656 for Minimum Subscription or \$1,302,206 for Maximum Subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription (\$)	Maximum Subscription (\$)
ASIC fees	3,206	3,206
ASX fees	98,450	101,000
Lead Manager Fees	820,000	1,000,000
Legal Fees ¹	145,500	145,500
Independent Geologist's Fees	12,500	12,500
Investigating Accountant's Fees	40,000	40,000
TOTAL	1,119,656	1,302,206

Notes:

1. Includes fees payable to the Solicitor's to the Offer and the Tenement Solicitors.

11. **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.

A handwritten signature in black ink, appearing to read 'R Higgins', with a horizontal line underneath it.

Dr Roger Higgins
Non-Executive Chair
For and on behalf of
Demetallica Limited

12. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

Ag is the chemical symbol for silver.

Application Form means an application form attached to or accompanying this Prospectus relating to the Offers.

ASIC means Australian Securities & 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 official listing rules of ASX.

Au is the chemical symbol for gold.

Board means the board of Directors as constituted from time to time.

Business Days 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.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information Section (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company or Demetallica means Demetallica Limited (ACN 061 595 051).

Conditions has the meaning set out in Section 4.6.

Constitution means the constitution of the Company.

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

CST means Central Standard Time as observed in Adelaide, South Australia.

Cu is the chemical symbol for copper.

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

Exercise Period has the meaning given in Section 10.3(d).

Exercise Price has the meaning given in Section 10.3(b).

Expiry Date has the meaning given in Section 10.3(c).

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

ILUA means indigenous land use agreement.

Joint Lead Managers means Argonaut Securities Pty Ltd (AFSL 274099) and Euroz Hartleys (AFSL 230052).

Joint Lead Manager Mandate means the agreement with the Joint Lead Managers summarised in Section 9.1.1.

JORC Code has the meaning given in the Important Notice Section.

Maximum Subscription means the maximum amount to be raised under the Offer, being \$15 million.

Minimum Subscription means the minimum amount to be raised under the Offer, being \$10 million.

Minotaur means Minotaur Exploration Limited (ACN 108 483 601).

Notice of Exercise has the meaning given in Section 10.3(e).

NSR means a net smelter royalty.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 4.1.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Oz Minerals means Oz Minerals Limited (ACN 005 482 824).

Pb is the chemical symbol for lead.

Performance Right means a performance right convertible into a Share.

Performance Rights and Option Plan has the meaning set out in Section 10.3.

Priority Offer Closing Date means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information Section (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Prospectus means this prospectus.

Recommendations has the meaning set out in Section 8.4.

Resources means resources defined in accordance with JORC.

Sandfire means Sandfire Resources Limited (ACN 105 154 185).

Section means a Section of this Prospectus.

Securities means Shares, Options and Performance Rights.

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

Shareholder means a holder of Shares.

Tenements means the mining tenements (including applications) in which the Company has an interest as set out in **Solicitor's Report on Tenements** and further described in the Independent Technical Assessment Report at Annexure A and **the Solicitor's Tenement Report** at Annexure B or any one of them as the context requires.

US means United States of America.