TESORO RESOURCES LIMITED
ACN 106 854 175

ENTITLEMENT OFFER PROSPECTUS

For a non-renounceable accelerated institutional and retail entitlement issue of one Share for every eight Shares held by those Eligible Shareholders registered at the Record Date at an issue price of $0.06 per Share to raise up to $2,720,050 (before costs) (based on the number of Shares on issue as at the date of this Prospectus) (**Entitlement Offer**).

This Prospectus also contains an offer of up to 10,000 Shares at an issue price of $0.20 per Share to raise up to $2,000 (**Cleansing Offer**).

IMPORTANT NOTICE

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

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

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1. CORPORATE DIRECTORY

Directors

John Toll
Non-Executive Chairman

Zeffron Reeves
Managing Director

Geoffrey McNamara
Non-Executive Director

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Company Secretary

Shannon Coates

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Solicitors

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Lawyers and Consultants
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RSM Australia Partners
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Lead Manager

PAC Partners Securities Pty Ltd
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330 Collins Street
MELBOURNE VIC 3000

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

2. IMPORTANT NOTES

This Prospectus is dated 12 June 2020 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

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

Applications for Shares offered pursuant to this Prospectus can only be submitted on an Entitlement and Acceptance Form (which can be accessed at www.investor.automic.com.au/#/home) or Shortfall Application Form

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.1 Forward-looking statements

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

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

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

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8 of this Prospectus.

2.2 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If

you have not, please phone the Company on +61 8 9322 1587 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.tesororesources.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.

2.3 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.

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

The Company will not be issuing share certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

2.5 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

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

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

3. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the directors of Tesoro Resources Limited (**Company**), I am delighted to provide all Eligible Shareholders with the opportunity to participate in the Entitlement Offer.

The Company is seeking to raise up to approximately $2,720,050 (before costs) by way of an accelerated non-renounceable entitlement issue of one Share for every eight Shares held by Shareholders registered at the Record Date at an issue price of $0.06 per Share.

In addition, the Company is seeking to raise up to approximately $3,264,060 (before costs) through a placement of up to 54,401,008 Shares to professional and sophisticated investors at an issue price of $0.06 per Share.

Funds raised under the Entitlement Offer and the Placement will be applied towards an accelerated infill and extensional drilling program at the El Zorro Gold Project (**El Zorro Project**), a detailed metallurgical testwork program, commencing a Scoping Study at the Company's El Zorro Project, working capital, as well as satisfying the costs of the Entitlement Offer and the Placement.

The Company is currently planning a resource definition and extensional drilling program at the El Zorro Project which is scheduled to commence during July 2020. The program is expected to comprise between 4,000m and 5,000m of diamond drilling across the Ternera prospect. The Company is planning to accelerate this program by initially mobilising two drill rigs to carry out the work. In addition, the Company is awaiting further surface assay results from Buzzard and Drone Hill and is currently undertaking follow up surface sampling programs at Ternera and Toro Gordo. It is expected that a detailed metallurgical testwork program will commence in the third quarter of CY2020.

Before making your decision to invest, I ask that you carefully read this Prospectus and seek professional advice if required.

On behalf of the Board, I encourage all Eligible Shareholders to consider taking up their Entitlements.

Yours sincerely,



John Toll
Non-Executive Chairman

4. KEY OFFER INFORMATION

4.1 Timetable

Event	Date
Request for trading halt	Pre-market open on 12 June 2020
Announcement of Entitlement Offer Lodgement of Appendix 3B with ASX Lodgement of Prospectus with ASIC and ASX Opening date of the Cleansing Offer	12 June 2020
Company conducts Institutional Offer	12 June 2020 – 18 June 2020
Announcement of results of Institutional Offer and the Placement	18 June 2020
Trading halt lifted Trading resumes on an ex-entitlement basis	18 June 2020
Record Date for the Entitlement Offer	5:00pm WST on 18 June 2020
Settlement of Institutional Offer and Placement	19 June 2020
Quotation of Shares issued under the Institutional Offer and Placement	22 June 2020
Prospectus despatched to Shareholders Company announces the despatch has completed Opening date for Retail Offer	23 June 2020
Last day to extend Retail Offer closing date	29 June 2020
Closing date of Retail Offer*	2 July 2020
Closing date of the Cleansing Offer**	6 July 2020
Announcement of results of Retail Offer	7 July 2020
Settlement of the Retail Offer Lodgement of an Appendix 2A with ASX	9 July 2020
Quotation of Shares issued under the Retail Offer	10 July 2020
Expected despatch of holding statements for retail holders	14 July 2020

*The Directors may extend the closing date of the Retail Offer by giving at least 3 Business Days' notice to ASX prior to the closing date of the Retail Offer. As such the date the Shares are expected to commence trading on ASX may vary.

**The Directors reserve the right to extend or reduce the closing date of the Cleansing Offer at any time without notice.

4.2 Summary of the Placement and the Entitlement Offer

As announced on 12 June 2020, the Company is intending to conduct a placement and accelerated non-renounceable entitlement issue in order to raise up to approximately $5,984,110 (before costs).

Placement

The Company will conduct a placement to sophisticated and professional investors to raise up to $3,264,060 (before costs) through the issue of up to 54,401,008 Shares (**Placement Shares**) at an issue price of $0.06 per Share (**Placement**).

It is anticipated that the Placement Shares will be issued on 19 June 2020 pursuant to the Company's available placement capacity under ASX Listing Rule 7.1.

Entitlement Offer

The Entitlement Offer is being made as an accelerated non-renounceable entitlement issue of one Share for every eight Shares held by Eligible Shareholders registered at the Record Date at an issue price of $0.06 per Share to raise up to $2,720,050 (before costs).

The Entitlement Offer has two components:

(a) an accelerated offer to Eligible Institutional Shareholders, expected to comprise the issue of up to approximately 18,979,357 Shares to raise up to approximately $1,138,761 (before costs) and which is due to settle on 19 June 2020; and

(b) an offer to Eligible Retail Shareholders, expected to comprise the issue of up to approximately 26,354,817 Shares to raise up to approximately $1,581,289 (before costs).

Further details in respect of the Entitlement Offer are set out in Section 5.

4.3 Update on the Company's Operations

The Company holds interests in a highly prospective gold exploration project located within the Coastal Cordillera Belt of Chile, the flagship El Zorro Project, pursuant to a purchase option agreement between its 95% owned Chilean subsidiary, Tesoro Mining Chile SpA (**Tesoro Chile**) and Sr Jose Agustin Bahamondes Amestica (**Option Agreement**).

As announced on 23 March 2020, the Company, through Teroso Chile, has entered into a deed of variation with Sr Bahamondes (**Variation**), whereby the parties agreed to vary the terms of the Option Agreement to accelerate Tesoro Chile's ownership interest in the El Zorro Project from a 51% interest to a 70% interest, subject to the following conditions:

(a) payment of US$50,000 in cost reimbursement for development expenditure incurred on the El Zorro Project by Sr Bahamondes; and

(b) subject to Shareholder approval, the issue of 5,000,000 Shares to Sr Bahamondes (or his nominee) (**Acceleration Shares**).

The Company is seeking Shareholder approval at the General Meeting for the Variation and the issue of the Acceleration Shares. Further details are set out in the notice of meeting released on 4 June 2020.

The El Zorro Project consists of 35 granted exploration concessions totalling 16,900 hectares (ha), six applications to convert exploration concessions into exploitation concessions totalling 1,100 ha and five exploitation concessions for 910 ha. Details of these concessions are set out in the tables below.

El Zorro Gold Project - Exploration Concessions			
Name	**First Term Expiry date**	**Area (ha)**	**Type**
Bloody Good Shot 10	2/Aug/2020	300	Exploration
Bloody Good Shot 9	2/Aug/2020	300	Exploration
Bloody Good Shot 8	2/Aug/2020	200	Exploration
Bloody Good Shot 7	2/Aug/2020	100	Exploration
Bloody Good Shot 6	3/Aug/2020	200	Exploration
Bloody Good Shot 5	3/Aug/2020	200	Exploration
Bloody Good Shot 4	3/Aug/2020	300	Exploration
Bloody Good Shot 3	3/Aug/2020	300	Exploration
Bloody Good Shot 2	3/Aug/2020	300	Exploration
Bloody Good Shot 1	3/Aug/2020	300	Exploration
Bloody Good Shot 11	22/Oct/2020	200	Exploration
Bloody Good Shot 12	22/Oct/2020	200	Exploration
Bloody Good Shot 13	22/Oct/2020	200	Exploration
Punta de Diamante 1	14/Feb/2021	200	Exploration
Punta de Diamante 2	14/Feb/2021	300	Exploration
Punta de Diamante 3	14/Feb/2021	300	Exploration
La Negra Coja 19	14/Feb/2021	200	Exploration
La Negra Coja 18	14/Feb/2021	300	Exploration
La Negra Coja 17	14/Feb/2021	300	Exploration
La Negra Coja 16	18/Feb/2021	200	Exploration
La Negra Coja 15	18/Feb/2021	300	Exploration
La Negra Coja 14	20/Feb/2021	300	Exploration
La Negra Coja 13	20/Feb/2021	300	Exploration
La Negra Coja 12	20/Feb/2021	200	Exploration
La Negra Coja 11	20/Feb/2021	300	Exploration
La Negra Coja 10	20/Feb/2021	300	Exploration
La Negra Coja 9	22/Feb/2021	200	Exploration
La Negra Coja 8	22/Feb/2021	300	Exploration
La Negra Coja 7	22/Feb/2021	8300	Exploration
La Negra Coja 6	22/Feb/2021	200	Exploration

El Zorro Gold Project - Exploration Concessions			
Name	**First Term Expiry date**	**Area (ha)**	**Type**
La Negra Coja 5	1/Mar/2021	300	Exploration
La Negra Coja 4	1/Mar/2021	200	Exploration
La Negra Coja 3	5/Mar/2021	300	Exploration
La Negra Coja 2	5/Mar/2021	300	Exploration
La Negra Coja 1	7/Mar/2021	200	Exploration

El Zorro Gold Project - Application for Exploitation Concessions			
Name	**First Term Expiry date**	**Area (ha)**	**Type**
ZORRO 1A	Application for conversion to exploitation concession	200	Exploration
ZORRO 2A	Application for conversion to exploitation concession	200	Exploration
ZORRO 3A	Application for conversion to exploitation concession	200	Exploration
ZORRO 4A	Application for conversion to exploitation concession	100	Exploration
ZORRO 5A	Application for conversion to exploitation concession	200	Exploration
ZORRO 6A	Application for conversion to exploitation concession	200	Exploration

El Zorro Gold Project - Exploitation Concessions		
Name	**Status**	**Area (ha)**
Las Coquetas 1/10	Granted	140
Paton Uno 1/29	Granted	240
Paton Dos 1/29	Granted	230
Leon Dos 1-30	Granted	100
Leon Uno 1-30	Granted	200

The Company has lodged formal paperwork with Inversiones Cabo de Esperanza Limitada and Colonial Resources S.C.M. to terminate the Espina Option Agreement, pursuant to which the Company's 95% owned subsidiary, Tesoro Chile, had the right to earn up to a 100% interest in the Espina Gold Project.

4.4 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in

the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

A summary of some of the Company's key specific risks include:

Risk	Description	Reference in Prospectus
Dilution	Upon implementation of the Entitlement Offer and the Placement (assuming all Entitlements are accepted, the Placement is fully subscribed, no Performance Rights are converted and no other Shares are issued prior to the Record Date), the number of Shares in the Company will increase from 362,673,387 currently on issue to 462,408,569. In addition, the issue of the Acceleration Shares, the Advisor Shares and the Director Shares will result in the issue of up to a further 13,992,895 Shares, which will result in the number of Shares on issue increasing up to 476,401,464 Shares. As set out in Section 5.5, it is anticipated that these Shares will be issued prior to the closing date of the Cleansing Offer. This means that each Share will represent a significantly lower proportion of the ownership of the Company. It is not possible to predict what the value of the Company or a Share will be following the completion of the Entitlement Offer being implemented and the Directors do not make any representation as to such matters. The last trading price of Shares on ASX prior to the Prospectus being lodged of $0.069 is not a reliable indicator as to the potential trading price of Shares after implementation of the Entitlement Offer.	Section 8.2(a)
Exploration	Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the El Zorro Project, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. The future exploration activities of the Company may be affected by a range	Section 8.2(b)

Risk	Description	Reference in Prospectus
	of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company. The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of its projects, a reduction in the cash reserves of the Company and possible relinquishment of the projects. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.	
Tenement applications and licence renewal	The Company cannot guarantee additional applications for tenements made by the Company will ultimately be granted, in whole or in part. Further, mining and exploration concessions are subject to periodic renewal. There is no guarantee that current or future concessions and/or applications for concessions will be approved. The renewal of the term of a granted concession is also subject to the discretion of the relevant authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the concessions. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or	Section 8.2(c)

Risk	Description	Reference in Prospectus
	performance of the Company. The Company has yet to receive regulatory and environmental approval to convert its mineral licences into production permits. There is a risk that these approvals may not be obtained.	
COVID-19	The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company. The Company has lodged formal paperwork with Inversiones Cabo de Esperanza Limitada and Colonial Resources S.C.M. to terminate the Espina Option Agreement, pursuant to which the Company's 95% owned subsidiary, Tesoro Chile, had the right to earn up to a 100% interest in the Espina Gold Project. As announced on 29 May 2020, the Company's ability to carry out exploration activities in a timely manner at Espina and to meet certain Stage 1 project expenditure commitments as part of the Espina Option Agreement was impacted by the lockdown restrictions that have been imposed within the Santiago Metropolitan region. Accordingly, the Board made the decision to terminate the Espina Option Agreement so as not to incur any further costs associated with holding the project or administering the joint venture while uncertainty around COVID-19 restrictions in the Santiago Metropolitan Region remains. The Directors are monitoring the outbreak of COVID-19 closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its	Section 8.4(a)

Risk	Description	Reference in Prospectus
	continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on its revenue channels and adverse impact on the Company. If any of these impacts appear material prior to close of the Entitlement Offer, the Company will notify investors under a supplementary prospectus.	
Climate Change	There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include: (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. The Company 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 the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and (b) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, 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 the Company operates.	Section 8.4(b)

Risk	Description	Reference in Prospectus
Litigation	The Company is exposed to possible litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.	Section 8.4(j)

4.5 Directors interest in securities

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

Director	Shares	Performance Rights	Entitlement	$
Zeffron Reeves	12,963,889[1]	63,027,195[2]	1,620,487	$97,229
Geoffrey McNamara	37,594,805[3]	73,812,805[4]	4,699,351	$281,961
John Toll[5]	3,263,729	-	407,967	$24,478

Notes:

1. The Company is seeking Shareholder approval at a general meeting to be held on 3 July 2020, for the issue of up to 8,333,333 Shares to Mr Zeffron Reeves at a deemed issue price of $0.03 per Share. Further details are set out in the notice of meeting released on 4 June 2020.
2. Comprising 15,782,575 Class A Performance Rights, 28,794,620 Class B Performance Rights, 9,225,000 Class C Performance Right and 9,225,000 Class D Performance Rights.
3. Comprising of 22,410,546 Shares held by Tanamera Resources Pte Ltd (a company registered in Singapore) (**Tanamera**) and 15,184,259 Shares held by Linkwood Holdings Pte Ltd (a company registered in Singapore) (**Linkwood**). Mr McNamara is the sole director and shareholder of Tanamera and a director and substantial shareholder of Linkwood.
4. Comprising 30,937,425 Class A Performance Rights, 21,265,380 Class B Performance Rights, 10,805,000 Class C Performance Rights and 10,805,000 Class D Performance Rights which are held by Linkwood.
5. Held by Mr John Toll <Toll Family Disc A/C>. John Toll is the trustee and beneficiary of the Toll Family Discretionary Trust.

Director, John Toll intends to take up his full Entitlement under the Entitlement Offer. Director, Geoffrey McNamara intends to take up a portion of his Entitlement and Director, Zeffron Reeves does not presently intend to participate in the Entitlement Offer. Each of Mr McNamara and Mr Reeves reserve their right to take up their Entitlements in whole or in part at their discretion.

4.6 Details of substantial holders

Based on publicly available information as at 12 June 2020, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Geoffrey William McNamara, Tanamera Resources Pte Ltd, Linkwood Holdings Pte Ltd and Medea Natural Resources Limited	39,769,405	10.97%

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Entitlement Offer. However, the above substantial holders will be diluted by the Placement, along with all other existing Shareholders who are not participating in the Placement.

4.7 Lead manager

PAC Partners Securities Pty Ltd (ACN 623 653 912) (**PAC Partners**) has been appointed as lead manager to the Entitlement Offer and the Placement. The terms of the appointment of PAC Partners are summarised in Section 9.3 of this Prospectus.

4.8 Effect on Control

Shareholders should note that if they do not participate in the Entitlement Offer or the Placement (assuming that the Entitlement Offer and the Placement are fully subscribed and the Company issues the Acceleration Shares, Advisor Shares and Director Shares), their holdings are likely to be diluted by approximately 23.87% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date[1]	% at Record Date[1]	Entitlements under the Entitlement Offer	Holdings if Entitlement Offer not taken Up	% post Entitlement Offer [2]
Shareholder 1	10,000,000	2.76%	1,250,000	10,000,000	2.10%
Shareholder 2	5,000,000	1.38%	625,000	5,000,000	1.05%
Shareholder 3	1,500,000	0.41%	187,500	1,500,000	0.31%
Shareholder 4	400,000	0.11%	50,000	400,000	0.08%
Shareholder 5	50,000	0.01%	6,250	50,000	0.01%

Notes:

1. This is based on a share capital of 362,673,387 Shares as at the date of the Prospectus and assumes no convertible securities currently on issue are converted.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that the Placement is fully subscribed, that the Company issues the Acceleration Shares, Advisor Shares and Director Shares and that any Entitlements not accepted are placed under the Shortfall Offer. In the event that:
   (a) the Placement is not fully subscribed;
   (b) the Company does not issue the Acceleration Shares, Advisor Shares and/or Director Share; and/or

(c) all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed,

the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

5. DETAILS OF THE OFFERS

5.1 The Entitlement Offer

The Entitlement Offer is being made as an accelerated non-renounceable entitlement issue of one Share for every eight Shares held by Shareholders registered at the Record Date at an issue price of $0.06 per Share. Fractional entitlements will be rounded up to the nearest whole number.

The Entitlement Offer has two components:

(a) an accelerated offer to Eligible Institutional Shareholders, expected to comprise the issue of up to approximately 18,979,357 Shares to raise up to approximately $1,138,761 and which is due to settle on 19 June 2020 (**Institutional Offer**); and

(b) an offer to Eligible Retail Shareholders, expected to comprise the issue of up to approximately 26,354,817 Shares to raise up to approximately $1,581,289 (**Retail Offer**).

Both the Institutional Offer and the Retail Offer are non-renounceable. Accordingly, Entitlements cannot be traded on the ASX, nor can they be sold, transferred or otherwise disposed of.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 45,334,174 Shares will be issued pursuant to this Entitlement Offer to raise up to $2,720,050 (before the costs of the Entitlement Offer).

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 6.1 of this Prospectus.

5.2 Institutional Offer

The Institutional Offer will be conducted over a four trading-day period. During the Institutional Offer period, Eligible Institutional Shareholders, will be invited to participate in the Institutional Offer and will be afforded the opportunity to subscribe for not less than their full Entitlement under the Institutional Offer, at the price of $0.06 per Share (**Offer Price**).

Any Eligible Institutional Shareholder that does not confirm their acceptance of the Institutional Offer by the close of the Institutional Offer will be deemed to have renounced all of their Entitlement and will not receive any value in respect of their Entitlement.

5.3 Institutional Bookbuild and Institutional Shortfall Offer

Shares equal in number to those Entitlements not taken up by Eligible Institutional Shareholders, together with any Shares attributable to Entitlements which would otherwise have been offered to Ineligible Institutional Shareholders if they had been eligible to participate in the Institutional Offer, will form part of the Institutional Bookbuild. The Directors reserve the right to allocate the Institutional Bookbuild at their absolute discretion.

The Board presently intends to offer the Institutional Bookbuild to Eligible Institutional Shareholders and selected institutional investors through a volume bookbuild process managed by PAC Partners as lead manager to the Entitlement Offer over the Institutional Offer period at the Offer Price.

Any Entitlement not taken up pursuant to the Institutional Bookbuild will form part of the Shortfall Offer. Further details in respect of the Shortfall Offer are set out in Section 5.11.

5.4 Retail Offer

Eligible Retail Shareholders are invited to participate in the Retail Offer under the Prospectus, on the same terms as the Institutional Offer.

Eligible Retail Shareholders who wish to acquire Shares under the Retail Offer will need to follow the instructions set out at Section 5.7 of this Prospectus.

5.5 The Cleansing Offer

The Cleansing Offer is an offer of up to 10,000 Shares at an issue price of $0.20 per Share, to raise up to $2,000 (before expenses).

The Cleansing Offer will only be extended to specific parties on invitation from the Directors.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. Please refer to Section 7 for further information regarding the rights and liabilities attaching to the Shares.

The primary purpose of the Cleansing Offer is to remove any trading restrictions that may have attached to Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the closing date of the Cleansing Offer (including prior to the date of this Prospectus). In particular, the Cleansing Offer is intended to remove any on-sale restrictions that may affect the Placement Shares, the Acceleration Shares, the Advisor Shares and the Director Shares which are intended to be issued prior to the closing date of the Cleansing Offer. Accordingly, the Company is seeking to raise only a nominal amount of $2,000 under the Cleansing Offer as the purpose of the Cleansing Offer is not to raise capital.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

(a) the relevant securities are in a class of securities that are quoted securities of the body; and

(b) either:

  (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or

  (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and

(c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

5.6 Minimum subscription

There is no minimum subscription for the Entitlement Offer or the Cleansing Offer.

5.7 Acceptance of the Retail Offer

If you are an Eligible Retail Shareholder and you wish to take up all or part of your Entitlement, your acceptance of the Entitlement Offer must be made on the Entitlement and Acceptance Form which can be accessed at www.investor.automic.com.au/#/home.

Your acceptance must not exceed your Entitlement as shown on that form, unless you intend to apply for additional Shares under the Shortfall Offer (refer to Section 5.11 for further information), in which case the additional Shares applied for will be deemed to be an application for Shares under the Shortfall Offer.

The number of Shares to which Eligible Shareholders are entitled (your Entitlement) is shown on your personalised Entitlement and Acceptance Form which, along with this Prospectus, is accessible at www.investor.automic.com.au/#/home.

You may participate in the Entitlement Offer as follows:

(a) if you wish to accept your **full** Entitlement:

(i) visit www.investor.automic.com.au/#/home. You will need to provide your Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) and postcode to access the online application system and follow the instructions provided including making payment by BPAY® or EFT; and

(ii) arrange payment by BPAY® or EFT in accordance with Section 5.9;

(b) if you wish to accept your **full** Entitlement and **apply for additional Shortfall Shares**:

(i) visit www.investor.automic.com.au/#/home. You will need to provide your SRN or HIN and postcode to access the online application system and follow the instructions provided including making payment by BPAY® or EFT. You will be deemed to have applied for that number of Shortfall Shares which in aggregate with your Entitlement is covered in full by your application monies. In order to participate in the Shortfall Offer, you must also apply for your Entitlement in full; and

(ii) arrange payment for the appropriate application monies (at $0.06 per Share) by BPAY® or EFT in accordance with Section 5.9; or

(c) if you only wish to accept **part** of your Entitlement:

(i) visit www.investor.automic.com.au/#/home. You will need to provide your SRN or HIN and postcode to access the online

application system and follow the instructions provided including making payment by BPAY® or EFT; and

(ii) arrange payment for the appropriate application monies (at $0.06 per Share) by BPAY® or EFT in accordance with Section 5.9; or

(d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

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

5.8 Implications of an acceptance

The payment of any Application Monies by BPAY® or EFT will be taken to constitute a representation by you that:

(a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and

(b) you acknowledge that once the Entitlement and Acceptance Form is completed, or a BPAY® payment or an EFT payment instruction is given in relation to any application monies, the application may not be varied or withdrawn except as required by law.

5.9 Payment by BPAY® or EFT

For payment by BPAY® or EFT, please follow the instructions on the Entitlement and Acceptance Form which can be accessed at www.investor.automic.com.au/#/home. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions or via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by BPAY® or EFT:

(a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;

(b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies; and

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

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

5.10 Applications under the Cleansing Offer

The Cleansing Offer will only be extended to specific parties on invitation from the Directors. Applications for Shares under the Cleansing Offer should only be made if you are instructed to do so by the Company.

5.11 Shortfall Offer

Any Entitlement not taken up pursuant to the Retail Offer or the Institutional Offer will form the Shortfall Offer.

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

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the closing date of the Institutional Offer or the Retail Offer (as applicable). The issue price for each Share to be issued under the Shortfall Offer shall be $0.06 being the price at which Shares have been offered under the Institutional Offer and the Retail Offer.

Eligible Shareholders who wish to subscribe for Shares above their Entitlement are invited to apply for Shortfall Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Shares in accordance with Sections 5.7(b) and 5.9(c) of this Prospectus. However, the Directors reserve the right to issue Shortfall Shares at their absolute discretion. The Board presently intends to allocate Shortfall Shares as follows:

(a) to Eligible Shareholders who apply for an excess of their full Entitlement, so long as the issue of Shortfall Shares to that Eligible Shareholder would not take their voting power to in excess of 19.99%; and then

(b) to other parties identified by the Directors, which may include parties not currently Shareholders of the Company.

No Shares will be issued to a party under the Shortfall Offer if the effect would be to increase that party's voting power in the Company to an amount greater than 19.99%.

The Company reserves the right to issue an Eligible Shareholder a lesser number of Shortfall Shares than applied for or no Shortfall Shares at all. However, the Directors do not intend to refuse an application for Shortfall Shares from Eligible Shareholders other than in circumstances of oversubscription or where acceptance may result in a breach of the Corporations Act. If the number of Shortfall Shares applied for by Eligible Shareholders exceeds the total Shortfall, the Shortfall Shares will be allocated among applying Eligible Shareholders proportionate to their existing holdings.

All decisions regarding the allocation of Shortfall Shares will be made by the Directors and will be final and binding on all applicants under the Shortfall Offer; as such there is no guarantee that any Shortfall Shares applied for will be issued to Eligible Shareholders.

The Company will have no liability to any applicant who receives less than the number of Shortfall Shares they applied for under the Shortfall Offer. If the Company scales back any applications for Shortfall Shares under the Shortfall Offer any application monies will be returned (without interest) as soon as practicable.

5.12 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

5.13 Issue of Shares

Issue of Shares pursuant to the Entitlement Offer and the Shortfall Offer

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

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

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

Holding statements for Shares issued under the Entitlement Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

Issue of Shares under the Cleansing Offer

As noted in Section 5.5, the primary purpose of the Cleansing Offer is to remove any trading restrictions that may have attached to Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the closing date of the Cleansing Offer (including prior to the date of this Prospectus).

If the Directors decide to issue Shares under the Cleansing Offer, the issue of Shares will take place as soon as practicable after the closing date of the Cleansing Offer. The Directors do not expect to issue any Shares under the Cleansing Offer.

5.14 Overseas shareholders

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

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Entitlement Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand unless the Company is satisfied that it is permitted to issue Shares to a Shareholder resident in another jurisdiction by the laws of that Shareholder's country of residence, either unconditionally or after compliance with conditions which the Company regards as acceptable and not unduly onerous or impracticable.

New Zealand

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

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

Nominees and custodians

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

5.15 Enquiries

Any questions concerning the Entitlement Offer should be directed to Shannon Coates, Company Secretary, on +61 8 9322 1587.

6. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER AND THE PLACEMENT

6.1 Purpose of the Entitlement Offer and the Placement

The purpose of the Entitlement Offer is to raise up to $2,720,050 (before costs). The purpose of the Placement is to raise up to $3,264,060 (before costs).

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

Item	Proceeds of the Entitlement Offer and the Placement	Full Subscription ($)	%
Funds Available			
A.	Existing cash reserves	2,127,284	26.23%
B.	Placement	3,264,060	40.24%
C.	Institutional Offer	1,138,761	14.04%
D.	Retail Offer	1,581,289	19.49%
	Total	**8,111,394**	**100%**
Allocation of funds			
1.	Exploration and resource estimation at the El Zorro Project [1]	4,681,394	57.71%
2.	Detailed metallurgical testwork at the El Zorro Project	200,000	2.47%
3.	Scoping study and project development	1,250,000	15.41%
4.	Expenses of the Entitlement Offer and the Placement[2]	480,000	5.92%
5.	Corporate overheads and administration costs	1,000,000	12.33%
6.	Unallocated working capital	500,000	6.16%
	Total	**8,111,394**	100%

Notes:

1. Accelerated infill and extensional diamond drilling at the El Zorro Project of between 4,000m and 5,000m for resource delineation.

2. Refer to Section 9.8 of this Prospectus for further details relating to the estimated expenses of the Entitlement Offer and the Placement.

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.

In the event the Entitlement Offer or the Placement are not fully subscribed, it is likely that the Company will appropriately scale back funds available for exploration and resource estimation at the El Zorro Project (Item 1), scoping study and project development (Item 3) and corporate overheads (Item 5) on a proportionate basis.

6.2 Effect of the Entitlement Offer and the Placement

The principal effect of the Entitlement Offer and the Placement, assuming all Entitlements are accepted, and no convertible securities are converted prior to the Record Date and the Placement is fully subscribed, will be to:

(a) increase the cash reserves by $5,504,110 (after deducting the estimated expenses of the Entitlement Offer and the Placement) immediately after completion of the Entitlement Offer; and

(b) increase the number of Shares on issue from 362,673,387 as at the date of this Prospectus to 462,408,569 Shares. In addition, the issue of the Acceleration Shares, the Advisor Shares and the Director Shares will result in the issue of up to a further 13,992,895 Shares, which will result in the number of Shares on issue increasing up to 476,401,464 Shares. As set out in Section 5.5, it is anticipated that these Shares will be issued prior to the closing date of the Cleansing Offer.

6.3 Pro-forma balance sheet

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

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted and the Placement is fully subscribed, no convertible securities are converted prior to the Record Date and including expenses of the Entitlement Offer and the Placement.

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

	UNAUDITED 30 April 2020	PRO FORMA ADJUSTMENT	PROFORMA 30 April 2020
CURRENT ASSETS			
Cash[1]	2,127,284	5,504,110	7,631,394
Trade and other receivables	207,129	-	207,129
Other current assets	116,155	-	116,155
TOTAL CURRENT ASSETS	**2,450,568**	**5,504,110**	**7,954,678**
NON-CURRENT ASSETS			

	UNAUDITED 30 April 2020	PRO FORMA ADJUSTMENT	PROFORMA 30 April 2020
Exploration and evaluation[2]	3,639,090	300,000	3,939,090
Plant and equipment	1,393	-	1,393
TOTAL NON-CURRENT ASSETS	**3,640,483**	**300,000**	**3,940,483**
TOTAL ASSETS	**6,091,051**	**5,804,110**	**11,895,161**
CURRENT LIABILITIES			
Creditors and other payables	310,108	-	310,108
TOTAL CURRENT LIABILITIES	**310,108**	**-**	**310,108**
TOTAL LIABILITIES	**310,108**	-	**310,108**
NET ASSETS (LIABILITIES)	**5,780,943**	**5,804,110**	**11,585,053**
EQUITY			
Share capital[1]	10,252,919	6,073,897	16,326,816
Reserves	149,518	-	149,518
Foreign currency translation reserve	(458,620)	-	(458,620)
Retained loss[3]	(4,162,874)	(269,787)	(4,432,661)
TOTAL EQUITY	**5,780,943**	**5,804,110**	**11,585,053**

Notes:

The above pro-forma balance sheet includes the following pro forma adjustments for the effect of the Placement and the Entitlement Offer and other material post-balance date events:

1. An increase to Cash and Share capital as a result of the Placement and the Entitlement Offer of up to $5,984,110 to be raised under the Placement and the Entitlement Offer, less costs estimated costs of approximately $480,000. Refer to Section 9.8 of this Prospectus for further details of the expenses of the Placement and the Entitlement Offer. The estimated costs of the Placement and the Entitlement Offer assume that no Shares are allocated under the Placement, the Institutional Bookbuild or the Shortfall Offer to parties procured from the Company's network of individual investors. The fees payable to PAC Partners will be reduced to the extent that there are such allocations. Further details of the fees payable to PAC Partners are set out in Section 9.3.
2. An increase to Exploration and evaluation assets and Share capital of $300,000, being the value of the Acceleration Shares at a deemed issue price of $0.06 per Share (being the price at which Shares are offered under the Placement and the Entitlement Offer).
3. An increase to Retained loss account of $269,787, comprising of an increase of $250,000, being the amount expensed for the issue of the Director Shares to Mr Zeffron Reeves (and/or his nominee(s)) and an increase of $19,787 being the amount expensed for the issue of the Advisor Shares to Mulina Overseas Corporation (or its nominee/s) (based on a deemed issue price of $0.03 per Share, being the price at which the Company issued Shares under the public offer carried out in connection with its acquisition of Tesoro Australia Limited (formerly Tesoro Resources Limited)).

6.4 Effect on capital structure

The effect of the Entitlement Offer and the Placement on the capital structure of the Company is set out below.

Shares

	Number
Shares currently on issue[1]	362,673,387
Shares offered pursuant to the Placement[2]	54,401,008
Shares offered pursuant to the Entitlement Offer[3]	45,334,174
Shares to be issued prior to the closing date of the Cleansing Offer: [4]	
• Acceleration Shares	5,000,000
• Advisor Shares	659,562
• Director Shares	8,333,333
Total Shares on issue after completion of the Offers and the Placement[5]	**476,401,464**

Notes:

1. Comprising 55,473,613 Shares which are classified by ASX as restricted securities and are to be held in escrow until 7 February 2022, being 24 months from the date of re-admission of the Company to the Official List and 307,199,774 Shares which are not subject to escrow.
2. Assumes that the Placement is fully subscribed.
3. Assumes that all Entitlements are accepted, no Performance Rights are converted and no other Shares are issued prior to the Record Date.
4. As set out in Section 5.5, it is anticipated that these Shares will be issued prior to the closing date of the Cleansing Offer. Further details in respect of these Shares issues are set out in the notice of meeting released on 4 June 2020.
5. Assumes no Shares are issued under the Cleansing Offer.

Performance Rights

	Number
Performance Rights currently on issue:	
Class A Performance Rights[1,2]	46,720,000
Class B Performance Rights[1,3]	50,060,000
Class C Performance Rights[1,4]	20,030,000
Class D Performance Rights[1,5]	20,030,000
Class E Performance Rights[6]	9,391,405
Performance Rights offered pursuant to the Entitlement Offer	Nil
Total Performance Rights on issue after completion of the Offers and the Placement	**146,231,405**

Notes:

1. These Performance Rights are classified by ASX as restricted securities and are to be held in escrow until 7 February 2022, being 24 months from the date of re-admission of the Company to the Official List.

2. Class A Performance Rights will vest upon the Company establishing an Inferred Resource of equal or greater than 250,000 ounces equivalent at a gold grade of 1 gram per tonne or greater, as defined by the JORC Code at the El Zorro Project on or before 29 July 2021.

3. The Class B Performance Rights will vest upon the Company establishing an Inferred Resource of equal or greater than 1 million ounces equivalent, at a gold grade of 1 gram per tonne or greater, as defined by the JORC Code at the El Zorro Project on or before 29 January 2023.

4. The Class C Performance Rights will vest upon the Company establishing an Inferred Resource of equal or greater than 2 million ounces equivalent, at a gold grade of 1 gram per tonne or greater, as defined by the JORC Code at the El Zorro Project on or before 29 January 2024.

5. The Class D Performance Rights will vest upon the Company completing either a Bankable Feasibility Study or a Definitive Feasibility Study at the El Zorro Project, confirming the El Zorro Project is commercially viable on or before 29 January 2025.

6. The Class E Performance Rights will vest as follows:

   (a) 30% of the Performance Rights will vest and become capable of exercise upon the Company defining a 250koz Au Mineral Resource (any classification or combination therefore) in compliance with JORC 2012 at any of the Company's current or future projects (excluding any existing Mineral Resource) on or before 30 January 2022;

   (b) 30% of the Performance Rights will vest and become capable of exercise upon the Company defining a 750koz Au Mineral Resource (any classification or combination therefore) in compliance with JORC 2012 at any of the Company's current or future projects (excluding any existing Mineral Resource) on or before 30 January 2022;

   (c) 40% of the Performance Rights will vest and become capable of exercise upon the Company defining a 1 million oz Au Mineral Resource (any classification or combination therefore) in compliance with JORC 2012 at any of the Company's current or future projects (excluding any existing Mineral Resource) on or before 30 January 2022.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 508,904,792 Shares and on completion of the Entitlement Offer (assuming all Entitlements are accepted, no Performance Rights are converted prior to the Record Date and no other Shares are issued) and the Placement (assuming the Placement is fully subscribed) would be 608,639,974 Shares.

In addition, the issue of the Acceleration Shares, the Advisor Shares and the Director Shares will result in the issue of up to a further 13,992,895 Shares. As set out in Section 5.5, it is anticipated that these Shares will be issued prior to the closing date of the Cleansing Offer. Following the issue of these Shares, the capital structure on a fully diluted basis would be 622,632,869 Shares.

7. RIGHTS AND LIABILITIES ATTACHING TO SHARES

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

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

7.1 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.

7.2 Voting rights

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

(a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each 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).

7.3 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.

7.4 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.

7.5 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.

7.6 Transfer of shares

Generally, Shares 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.

7.7 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.

7.8 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.

7.9 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.

8. RISK FACTORS

8.1 Introduction

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

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

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

8.2 Company specific

(a) **Potential for significant dilution**

Upon implementation of the Entitlement Offer and the Placement (assuming all Entitlements are accepted, the Placement is fully subscribed, no Performance Rights are converted and no other Shares are issued prior to the Record Date) the number of Shares in the Company will increase from 362,673,387 Shares currently on issue to 462,408,569 Shares.

In addition, the issue of the Acceleration Shares, the Advisor Shares and the Director Shares will result in the issue of up to a further 13,992,895 Shares, which will result in the number of Shares on issue increasing up to 476,401,464 Shares. As set out in Section 5.5, it is anticipated that these Shares will be issued prior to the closing date of the Cleansing Offer.

This means that each Share will represent a significantly lower proportion of the ownership of the Company.

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

The last trading price of Shares on ASX prior to the Prospectus being lodged of $0.069 is not a reliable indicator as to the potential trading price of Shares after implementation of the Entitlement Offer and completion of the Placement.

(b) **Exploration**

Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the El Zorro Project, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. The future exploration

activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company. The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the El Zorro Project, a reduction in the cash reserves of the Company and possible relinquishment of the projects. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

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

The Company cannot guarantee additional applications for tenements made by the Company will ultimately be granted, in whole or in part.

Further, mining and exploration concessions are subject to periodic renewal. There is no guarantee that current or future concessions and/or applications for concessions will be approved. The renewal of the term of a granted concession is also subject to the discretion of the relevant authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the concessions. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

The Company has yet to receive regulatory and environmental approval to convert its mineral licences into production permits. There is a risk that these approvals may not be obtained.

(d) **Main operations in Chile and land access**

While Chile is considered to be one of South America's most politically stable and prosperous nations, it may nevertheless be subject to social and economic uncertainty. Civil and political unrest and outbreaks of hostilities in Chile could affect the Company's access to its projects and subsequent exploration and development. Adverse changes in government policies or legislation in Chile affecting foreign ownership of mineral interests, taxation, profit repatriation, royalties, land access, labour relations, and mining and exploration activities may affect the operations of the Company.

(e) **Earthquake**

Chile, including the area in which the El Zorro Project is situated, is seismically active and prone to frequent earthquakes and occasional tsunamis. Any such event may result in operational delays to the Company's operations.

(f) **Mine development**

Possible future development of a mining operation at the Company's El Zorro Project is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(g) **Limited history**

The Company's current business, which was acquired when the Company acquired Tesoro Australia Limited (formerly Tesoro Resources Limited) has limited operating history, although it should be noted that the Directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its projects. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(h) **Reliance on key personnel**

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

(i) **Restricted securities reducing liquidity**

As set out in Section 6.4, certain securities on issue have been 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. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

8.3 Industry Specific

(a) **Gold Price**

Changes in the market price of gold, which in the past have fluctuated widely, will affect the profitability of the Company's operations and its financial condition in the future, if and when the Company enters production. The Company's revenues, profitability and viability would

depend on the market price of gold produced from the Company's El Zorro Project. The market price of gold is set in the world market and is affected by numerous industry factors beyond the Company's control including the demand, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for gold and industrial products containing metals, gold production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and procedures of gold and other metals in response to any of the above factors, and global and regional political and economic factors.

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

(b) **Project agreements**

The interests in the Company's El Zorro Project is contingent upon the Company meeting certain payment obligations and expenditure commitments under the Option Agreement.

Until such time as the relevant payments and expenditures are made or incurred, as applicable, the El Zorro Project mining concessions remain under the control of the controlling shareholder of the relevant legal mining company that owns them.

Further, the participation rights of the respective shareholders in each legal mining company which holds the relevant mining concessions for the El Zorro Project will not be diluted until such time as full payment and expenditure for each stage of the El Zorro Project option have been satisfied.

There is a risk therefore that whilst the majority of costs or expenditure in relation to a particular stage of the El Zorro Project option may have been expended, the associated interest in the legal mining company, and therefore the mining concessions held by it, will not be formally recognised until such time as the full amount is expended. If the full amount is not expended for any reason, for example if the Company does not have the appropriate funds in place or is unable to raise any required funds within the option period, there is a risk that, in the absence of any agreement to the contrary between the relevant parties, any expenditure undertaken on that stage to date may not be recognised.

(c) **Exploration costs**

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

(d) **Exploration success**

The mining concessions are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the mining concessions, or any other licenses that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The Company has not yet published resource estimates for any prospects. There is no assurance that exploration or project studies by the Company will result in the definition of an economically viable mineral deposit.

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

(e) **Resource and reserves and exploration targets**

The Company has identified a number of exploration targets based on geological mapping and interpretations, geophysical data, geochemical sampling and historical drilling. Insufficient data however, exists to provide certainty over the extent of the mineralisation. Whilst the Company intends to undertake additional exploratory work with the aim of defining an economic 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.

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.

(f) **Mine development**

Possible future development of mining operations is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production on the El Zorro Project or any of its future projects, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will achieve commercial viability through the development of its projects.

The risks associated with the development of a mine will be considered in full should the El Zorro Project or any future projects that the Company acquires an interest in reach that stage and will be managed with ongoing consideration of stakeholder interests.

(g) **Operations**

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

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

(h) **Environmental**

The operations and proposed activities of the Company are subject to Chilean laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could

delay production or increase production costs. Events, such as unpredictable rainfall or fires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or noncompliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

8.4 General risks

(a) Coronavirus (COVID-19)

The outbreak of COVID-19 is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Company has lodged formal paperwork with Inversiones Cabo de Esperanza Limitada and Colonial Resources S.C.M. to terminate the Espina Option Agreement, pursuant to which the Company's 95% owned subsidiary, Tesoro Chile, had the right to earn up to a 100% interest in the Espina Gold Project. As announced on 29 May 2020, the Company's ability to carry out exploration activities in a timely manner at Espina and to meet certain Stage 1 project expenditure commitments as part of the Espina Option Agreement was impacted by the lockdown restrictions that have been imposed within the Santiago Metropolitan region. Accordingly, the Board made the decision to terminate the Espina Option Agreement so as not to incur any further costs associated with holding the project or administering the JV while uncertainty around COVID-19 restrictions in the Santiago Metropolitan Region remains.

The Directors continue to monitor the outbreak of COVID-19 closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on its revenue channels and adverse impact on the Company. If any of these impacts appear material prior to close of the Entitlement Offer, the Company will notify investors under a supplementary prospectus.

(b) **Climate change risks**

There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

(i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company 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 the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and

(ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, 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 the Company operates.

(c) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company, as well as on its ability to fund its operations.

(d) **Commodity price volatility and exchange rate risk**

The Company's revenue will be in US dollars derived from the sale of gold and the Company's operating expenses will be incurred principally in US dollars. Movements in the USD/AUD exchange rate and/or the US dollar gold price may adversely or beneficially affect the Company's results or operations and cash flows.

(e) **Market conditions**

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

(i) general economic outlook;

(ii) introduction of tax reform or other new legislation;

(iii) interest rates and inflation rates;

(iv) changes in investor sentiment toward particular market sectors;

(v) the demand for, and supply of, capital; and

(vi) terrorism or other hostilities.

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

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market 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 the Company's performance.

(f) **Taxation**

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

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

(g) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Entitlement Offer and the Placement. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(h) **Agents and contractors**

The Directors are unable to predict the risk of the insolvency or managerial failure by any of the contractors used (or to be used in the future) by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used (or to be used in the future) by the Company for any activity.

(i) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(j) **Litigation risks**

The Company is exposed to possible litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(k) **Insurance**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with the Company's business may not always be available and where available the costs may be prohibitive.

8.5 Speculative investment

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

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

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

9. ADDITIONAL INFORMATION

9.1 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.

9.2 Continuous disclosure obligations

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

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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

(a) it is subject to regular reporting and disclosure obligations;

(b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

(c) it will provide a copy of each of the following documents, free of charge, to any person on request whilst the Offers under this Prospectus are open for application:

(i) the annual financial report most recently lodged by the Company with the ASIC;

(ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and

(iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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

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

Date	Description of Announcement
12/06/2020	Presentation
12/06/2020	Capital raising for accelerated exploration program
12/06/2020	Trading Halt
10/06/2020	Drilling results continue to expand scale of El Zorro
9/06/2020	Excellent metallurgical testwork results from El Zorro
4/06/2020	Notice of General Meeting/Proxy Form
29/05/2020	Termination of Espina Option Agreement
27/05/2020	El Zorro drill results continue to expand mineralisation
26/05/2020	Appendix 3G
19/05/2020	121 Mining Investment EMEA Conference Presentation
13/05/2020	El Zorro's Coquetas gold system extended 750m south
6/05/2020	Further wide high-grade gold intercepts at El Zorro
5/05/2020	Presentation
5/05/2020	Tesoro to present at Virtual Small Cap Resources Conference
27/04/2020	Wide high-grade gold intercept at El Zorro
24/04/2020	Quarterly Cashflow Report
24/04/2020	Quarterly Activities Report
22/04/2020	Presentation
22/04/2020	Additional channel sampling at El Zorro expands surface gold
17/04/2020	Widespread surface gold mineralisation at El Zorro

Date	Description of Announcement
6/04/2020	Espina surface sampling confirms large scale gold potential
27/03/2020	Tesoro Conference Call - 30 March 2020
26/03/2020	Company Update
23/03/2020	Tesoro to accelerate to 70% ownership of El Zorro
12/03/2020	Additional assays extend gold zone at El Zorro
6/03/2020	Exceptional gold assays for first drill hole at El Zorro
4/03/2020	Trading Halt
28/02/2020	Change of Director's Interest Notice
17/02/2020	First Drill Hole Completed of Program, at El Zorro
14/02/2020	Half Yearly Report and Accounts
7/02/2020	Drilling commences at El Zorro Gold Project
7/02/2020	Corporate Presentation
6/02/2020	Reinstatement to Official Quotation
6/02/2020	Revised - Reinstatement to Official Quotation (6/2/2020)
6/02/2020	Becoming a substantial holder
5/02/2020	Terms and Conditions of ASX Waivers
5/02/2020	Terms and Conditions of Performance Rights
5/02/2020	Top 20 Holders
5/02/2020	Distribution Schedule
5/02/2020	Pre-reinstatement Disclosure and Confirmation Statements
5/02/2020	Corporate Governance Statement
5/02/2020	Pro-forma Statement of Financial Position
5/02/2020	Tesoro Resources Ltd Audited Accounts Year End 30 June 2019
5/02/2020	Tesoro Resources Ltd Audited Accounts Year End 30 June 2018
5/02/2020	Appendix 1A and Information Form and Checklists
5/02/2020	ASX Notice - Reinstatement to Official Quotation (5/2/2020)
29/01/2020	Appendices 3X
29/01/2020	Appendices 3Z
29/01/2020	Appendix 3B
29/01/2020	Plukka Completes Acquisition of Tesoro Resources
29/01/2020	Supplementary Prospectus
28/01/2020	Appendix 4C
15/01/2020	Extension of Offer Period
16/12/2019	Extension of Offer Period
11/12/2019	Tesoro Resources Conference Call
10/12/2019	Supplementary Prospectus
21/11/2019	Appendix 3Y

Date	Description of Announcement
21/11/2019	Results of General Meeting
19/11/2019	Update - Consolidation/Split - PKA
8/11/2019	Update - Consolidation/Split - PKA
8/11/2019	Constitution
7/11/2019	Results of AGM
7/11/2019	AGM Presentation - Tesoro Resources
30/10/2019	Prospectus
21/10/2019	Notice of General Meeting
21/10/2019	Update re AGM and Shareholder Approvals for Tesoro
21/10/2019	Appendix 4C
7/10/2019	Consolidation/Split - PKA
7/10/2019	Notice of Annual General Meeting
3/10/2019	Execution of SPA for acquisition of Tesoro
23/08/2019	FY19 Appendix 4E and Annual Report

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

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

9.3 Lead Manager Mandate

The Company engaged PAC Partners to act as lead manager and broker in respect of the Placement and the Entitlement Offer (together, the **Capital Raising**) on the following terms.

(a) **Capital Raising Fees**

The Company has agreed to pay PAC Partners the following fees in respect of its services as lead manager and broker to the Capital Raising:

(i) a management fee of 2% (plus GST) of the total amount raised under the Capital Raising (being a fee of up to $119,682); and

(ii) a selling fee of 4% (plus GST) of the total amount raised under the Capital Raising (being a fee of up to $239,364). The selling fee will be reduced by the extent to which firm allocations are procured from the Company's network of individual investors; and

All selling fees to third parties will be paid by PAC Partners from the fees set out above.

In addition to the above fees, PAC Partners is entitled to be reimbursed for all out-of-pocket expenses incurred during its engagement in connection with services provided/ PAC Partners will obtain the Company's approval in advance for any expense item above $1,000.

(b) **Term**

The terms of the mandate will remain in place until 11 June 2021, unless terminated earlier.

(c) **Introduction Fee**

If, during the term of the mandate, PAC Partners has either introduced to the Company investors or has had negotiations with investors on behalf of the Company (including strategic or industry investors), and those investors invest in the Company within 6 months of their introduction, the Company must pay PAC Partners a fee of 5.0% of the value of their investment.

(d) **Right of First Refusal**

If the Company successfully raises a minimum of $3.0 million under the Capital Raising, the Company must offer PAC Partners the option to be a joint lead manager to any future capital raising within 12 months.

If the mandate is suspended or terminated by the Company other than for cause and the Company subsequently proposes to conduct the Capital Raising or any offer of securities on substantially similar terms to the Capital Raising or for a similar purpose to that of the Capital Raising within 6 months of the date of the mandate, the Company must provide PAC Partners with an opportunity to tender for a role similar to that contemplated by the mandate.

The mandate otherwise contains terms and conditions typical for a mandate of its nature, including confidentiality, intellectual property protection and indemnities.

PAC Partners is also engaged as the corporate advisor of the Company. The Company has agreed to extend PAC Partner's as corporate advisor to the Company by a period of twelve months following completion of the Entitlement Offer. PAC Partners has agreed to reduce its fees payable in respect of this role from $11,000 per month (plus GST) to $7,000 per month (plus GST).

9.4 Market price of shares

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

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

Highest	20 April 2020	$0.097
Lowest	14 April 2020	$0.04
Last	11 June 2020	$0.069

9.5 Interests of Directors

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

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offers; or

(c) the Offers,

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 Offers.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set in Section 4.5 of this Prospectus.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $500,000 per annum.

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

The Board reviews and approves the remuneration policy to enable the Company to attract and retain Directors who will create value for Shareholders having consideration 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 following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Proposed remuneration for financial year ending 30 June 2020	Remuneration for financial year ended 30 June 2019	Remuneration for financial year ended 30 June 2018
Zeffron Reeves[1]	$159,500[2]		
Geoffrey McNamara[1]	$20,833		
John Toll	$54,167[3]	$52,952[3]	$44,548

Notes:

1. Mr Reeves and Mr McNamara were appointed on 29 January 2020.
2. Comprising of salary payments of $100,000, a superannuation payment of $9,500 and a bonus payment $50,000.
3. An amount of $37,500 was accrued in the financial year ended 30 June 2019 and paid in the financial year ending 30 June 2020.

9.6 Interests of experts and advisers

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

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of the Company; or

(c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

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

(d) the formation or promotion of the Company;

(e) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offers; or

(f) the Offers,

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 Offers.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin $20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling $257,072 (excluding GST and disbursements) for legal services provided to the Company.

PAC Partners will be paid a management fee of 2% of the total amount raised under the Capital Raising (being a fee of up to $119,682 plus GST) and a selling fee of 4% of the total amount raised under the Capital Raising (being a fee of up to $239,364 plus GST). Further details of the fees payable to PAC Partners are set out in Section 9.3 of this Prospectus. During the 24 months preceding lodgement of this Prospectus with the ASIC, PAC Partners has been paid fees totalling $351,260 and been issued 19,791,667 Shares by the Company.

9.7 Consents

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

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

(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.

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

PAC Partners Securities Pty Ltd has given its written consent to being named as lead manager to the Company in this Prospectus. PAC Partners has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

9.8 Expenses of the Offers

In the event that all Entitlements are accepted and the Placement is fully subscribed, the total expenses of the Offers and the Placement are estimated to be approximately $480,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	$
ASIC fees	$3,206
ASX fees	$80,118
Lead Manager fees[1]	$359,046
Legal fees	$20,000
Printing and distribution	$8,000
Miscellaneous	$9,630
Total	**$480,000**

Notes:

1. The fees payable to PAC Partners will be reduced to the extent that there are allocations of Shares to parties procured from the Company's network of individual investors. Further details of the fees payable to PAC Partners are set out in Section 9.3.

10. 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.



John Toll
Non-Executive Chairman
For and on behalf of
Tesoro Resources Limited

11. GLOSSARY

$ means the lawful currency of the Commonwealth of Australia.

Acceleration Shares means 5,000,000 Shares which, subject to Shareholder approval being obtained at the upcoming General Meeting, will be issued to Sr Jose Agustin Bahamondes Amestica (or his nominee/s).

Advisor Shares means 659,562 Shares which, subject to Shareholder approval being obtained at the upcoming General Meeting, to Mulina Overseas Corporation (or its nominee/s).

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

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

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

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

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

Cleansing Offer means the offer of up to 10,000 Shares at an issue price of $0.20 per Share to raise up to $2000.

Company means Tesoro Resources Limited (ACN 106 854 175).

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

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

Director Shares means up to 8,333,333 Shares subject to Shareholder approval being obtained at the upcoming General Meeting, to Mr Zeffron Reeves (and/or his nominee(s)).

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

Eligible Institutional Shareholder means a Shareholder who:

(a) is an Institutional Investor on the commencement of the Institutional Offer, with a registered address in either Australia or New Zealand (unless the Company is satisfied that it is permitted to issue Shares to a Retail Shareholder resident in another jurisdiction by the laws of that Shareholder's country of residence, either unconditionally or after compliance with conditions which the Company regards as acceptable and not unduly onerous or impracticable); and

(b) has received an offer under the Institutional Offer (either directly or through a nominee).

Eligible Retail Shareholder means a Retail Shareholder of the Company on the Record Date whose registered address is in Australia or New Zealand (unless the Company is satisfied that it is permitted to issue Shares to a Retail Shareholder resident in another jurisdiction by the laws of that Shareholder's country of residence, either unconditionally or after compliance with conditions which the Company regards as acceptable and not unduly onerous or impracticable) and is eligible under all applicable securities laws to receive an offer under the Retail Offer.

Eligible Shareholder means a person who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder.

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

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

General Meeting means the Shareholder meeting to be held on 3 July 2020.

Ineligible Institutional Shareholder means a Shareholder who is an Institutional Investor but is not an Eligible Institutional Shareholder.

Institutional Bookbuild means the bookbuild process under which Share attributable to Entitlements that are not taken up by Eligible Institutional Shareholders, together with Shares attributable to Entitlements of Ineligible Institutional Shareholders are offered to Eligible Institutional Shareholders and selected institutional investors, whether or not they took up their full Entitlement under the Institutional Offer.

Institutional Investor means investors selected by the Company (with the assistance of PAC Partners as lead managers to the Placement and the Entitlement Offer) who are investors who fall within the exemptions provided by section 708(8) or (11) of the Corporations Act.

Institutional Offer means the offer of Shares to Eligible Institutional Shareholders under the Entitlement Offer.

Offers means the Entitlement Offer and the Cleansing Offer.

Official Quotation means official quotation on ASX.

Placement has the meaning given in Section 4.2 of this Prospectus.

Prospectus means this prospectus.

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

Retail Offer means the offer of Shares to Eligible Retail Shareholders under the Entitlement Offer.

Retail Shareholder means a Shareholder of the Company on the Record Date who is not an Eligible Institutional Shareholder.

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

Shareholder means a holder of a Share.

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

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

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 5.11 of this Prospectus.

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

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