



**ACN 149 278 759**

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## **NON-RENOUNCEABLE ENTITLEMENT ISSUE**

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For a non-renounceable pro rata offer to Eligible Shareholders 31,403,262 New Shares at an issue price of \$0.01 per share on the basis of one (1) New Share for every four (4) Shares held to raise up to \$314,033 before issue costs based on the number of Shares on issue as at the date of this Prospectus (**The Offer**).

**The Offer is fully underwritten by Taylor Collison Limited (Underwriter). Refer to Section 8.4 for details regarding the terms of the Underwriting Agreement.**

### **IMPORTANT NOTICE**

**This document is important and should be read in its entirety.**

**If you have any questions about the New Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.**

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

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## 1. CORPORATE DIRECTORY

### Directors

Mr Jay Stephenson (Chairman)  
Ms Paige McNeil (Managing Director)  
Ms Julia Beckett (Non-Executive Director)

### Company Secretary

Ms Mr Jay Stephenson

### Registered Office

Level 4  
66 Kings Park Road  
WEST PERTH WA 6005

Telephone: + 61 8 6141 3500

Facsimile: +61 8 6141 3599

Email: [qrl@iinet.net.au](mailto:qrl@iinet.net.au)

Website: [www.quintessentialresources.com.au](http://www.quintessentialresources.com.au)

### Share Registry\*

Computershare Investor Services Pty Limited  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
PERTH WA 6000

Telephone: +61 8 9323 2000

Facsimile: +61 8 9323 2033

### Solicitors

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

Telephone: +61 8 9321 4000

Facsimile: +61 8 9321 4333

### Auditor\*

Moore Stephens Perth  
12 St Georges Terrace  
PERTH WA 6000  
Telephone: +61 8 9225 5355  
Facsimile: +61 8 9225 6181

### Underwriter

Taylor Collison  
Level 16, 211 Victoria Square  
ADELAIDE SA 5000

Telephone: +61 8 8217 3900

\* These entities are included for information purposes only. Neither has been involved in the preparation of this Prospectus nor has either entity consented to being named in this Prospectus.

## 2. TIMETABLE

Lodgement of Prospectus with the ASIC	30 July 2014
Lodgement of Prospectus & Appendix 3B with ASX	30 July 2014
Notice sent to Optionholders	31 July 2014
Notice sent to Shareholders	1 August 2014
Ex date	5 August 2014
Record Date for determining Entitlements	7 August 2014
Prospectus despatched to Shareholders & Company announces despatch has been completed	11 August 2014
Closing Date*	22 August 2014
New Shares quoted on a deferred settlement basis	25 August 2014
ASX notified of under subscriptions	27 August 2014
Issue Date and holding statements dispatched to participating Shareholders	28 August 2014
Quotation of New Shares issued under the Offer*	29 August 2014

\* **The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the New Shares are expected to commence trading on ASX may vary.**

## 3. IMPORTANT NOTES

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

This Prospectus is dated 30 July 2014 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 New 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.

Applications for New Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been 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.

## **RISK FACTORS**

Potential investors should be aware that subscribing for New Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 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 New Shares pursuant to this Prospectus.

## **ELECTRONIC PROSPECTUS**

A copy of this Prospectus can be downloaded from the website of the Company at [www.quintessentialresources.com.au](http://www.quintessentialresources.com.au). Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

## **4. DETAILS OF THE OFFER**

### **4.1 Offer**

The Offer is being made as a non-renounceable entitlement issue of one (1) New Share for every four (4) Shares held by Shareholders registered at the Record Date at an issue price of \$0.01 per New Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 31,403,262 New Shares will be issued pursuant to this Offer to raise approximately \$314,033 (before costs). The Entitlement Issue is fully underwritten (refer to Section 8.4 for further details).

As at the date of this Prospectus the Company has 15,850,000 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the New Shares offered under this Prospectus will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the New Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5 of this Prospectus.

### **4.2 Minimum subscription**

There is no minimum subscription. The Offer is fully underwritten by the Underwriter.

### **4.3 Acceptance**

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on

that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form. For payment by BPAY please refer to Section 4.5; or
- (b) if you only wish to accept part of your Entitlement:
  - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.01 per New Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

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

#### **4.4 Payment by cheque/bank draft**

Eligible Shareholders wishing to pay by cheque, bank draft or money order must follow the instructions on the Entitlement and Acceptance Form, provide a cheque or bank draft made payable to “**Quintessential Resources Limited Share Issue A/C**” and return your completed form and payment to:

Quintessential Resources Limited,  
C/- Computershare Investor Services Pty Limited,  
GPO Box 505  
Melbourne Vic 3001

to be received by the Share Registry no later than 5.00pm (WST) on the Closing Date.

#### **4.5 Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 3.00pm (WST) on the Closing Date. You should be aware that your financial institution may implement 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.

#### 4.6 Rights Issue Fully Underwritten

The Company has entered into an Underwriting Agreement with the Underwriter for the Entitlement Issue. The terms of the Underwriting Agreement are summarised in Section 8.4.

The Underwriter will only take up Shares not subscribed for by Shareholders under the Entitlement Issue including the Shortfall Offer.

#### 4.7 Effect on control of the Company

The Underwriter is not presently a Shareholder of the Company. However, the extent to which New Shares are issued to the Underwriter pursuant to the Underwriting Agreement will increase the Underwriter's voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below and are based on the assumption that the Underwriter takes up its full entitlement of New Shares under each scenario.

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	Nil	0%
Completion of Entitlement Issue		
Fully subscribed	Nil	0%
75% subscribed	7,850,816	5%
50% subscribed	15,701,631	10%
25% subscribed	23,552,447	15%
0% subscribed	31,403,262	20%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up Entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the Shareholders.

In addition, the Underwriter has indicated that it will seek sub-underwriters in respect of the New Shares to be taken up by the Underwriter in accordance with its underwriting obligation. The above table assumes that no sub-underwriters take up any Underwritten Shares. Refer to Section 8.5 for details in respect of the sub-underwriting agreement between the Underwriter and Almamater, a company associated with Jay Stephenson.

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 20% (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	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	20,000,000	15.92%	5,000,000	20,000,000	12.74%
Shareholder 2	10,000,000	7.96%	2,500,000	10,000,000	6.37%
Shareholder 3	5,000,000	3.98%	1,250,000	5,000,000	3.18%
Shareholder 4	2,000,000	1.99%	625,000	2,000,000	1.27%
Shareholder 5	1,000,000	0.80%	250,000	1,000,000	0.64%
<b>Total</b>	<b>125,613,048</b>		<b>31,403,262</b>		<b>157,016,310</b>

**Notes:**

1. The above table assumes that no Options are exercised prior to the Record Date and that the Offer is fully subscribed.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event 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.

#### 4.8 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall 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. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.01, being the price at which New Shares have been offered under the Offer.

If you wish to apply for Shortfall Shares under the Shortfall Offer, please contact the Company on + 61 8 6141 3500 for a Shortfall Application Form. The Shortfall shall be placed at the discretion of the Company in conjunction with the Underwriter. The Company reserves the right to issue to an Applicant a lesser number of Shortfall Shares than the number for which the Applicant applies or to reject an application. Accordingly, there is no guarantee that Shareholders will be permitted to apply for, or be issued, Shortfall Shares.

#### 4.9 ASX listing

Application for Official Quotation of New 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 New 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 New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.



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

#### **4.10 Issue of New Shares**

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

Pending the issue of the New 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 New Shares issued under the 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.

#### **4.11 Overseas Shareholders**

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

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and New Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand. The Offer is being made in New Zealand pursuant to the Securities act (Overseas Companies) Exemption Notice 2002.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. 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.

#### **4.12 Enquiries**

Any questions concerning the Offer should be directed to Jay Stephenson, Company Secretary, on +61 (0) 414 799 659. If you have any queries about your Entitlement or how to participate in the Offer, contact the Quintessential Resources Limited Shareholder Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia), from 8.30am to 5.00pm (WST), Monday to Friday.

## **5. PURPOSE AND EFFECT OF THE OFFER**

### **5.1 Purpose of the Offer**

The purpose of the Offer is to raise up to \$314,033 (before expenses).

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

<b>Proceeds of the Offer</b>	<b>Full Subscription</b>	<b>%</b>
Expenses of the Offer <sup>1</sup>	\$46,225	14.72%
Completion of the acquisition of Yonder and Beyond <sup>2</sup>	\$225,000	71.65%
Working capital	\$42,808	13.63%
<b>Total</b>	<b>\$314,033</b>	<b>100.00%</b>

**Notes:**

1. Refer to Section 8.9 of this Prospectus for further details relating to the estimated expenses of the Offer.
2. Refer to the Company's ASX announcement dated 24 July 2014 for details of the proposed acquisition of Yonder and Beyond.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events 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 that the Company is not satisfied with its due diligence investigations in respect of Yonder and Beyond and the binding terms sheet between the Company and Yonder and Beyond is terminated as a result, the funds raised under the Offer will be used to progress exploration on the Company's existing mining assets in Papua New Guinea and for funding the consideration of other potential acquisitions (which may be in mining, technology or other business sectors).

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

## **5.2 Effect of the Offer**

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$314,033 (before deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 125,613,048 as at the date of this Prospectus to 157,016,310 Shares.

## **5.3 Pro-forma balance sheet**

The unaudited balance sheet as at 31 May 2014 and the unaudited pro-forma balance sheet as at 31 May 2014 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

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

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

	(Unaudited) 31 May 2014 \$	Pro-Forma 31 May 2014 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	69,605	337,478
Trade and other receivables	79,749	79,749
<b>TOTAL CURRENT ASSETS</b>	<u>149,355</u>	<u>417,227</u>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	18,104	18,104
Exploration and evaluation expenditure	33,006	33,006
<b>TOTAL NON-CURRENT ASSETS</b>	<u>51,110</u>	<u>51,110</u>
<b>TOTAL ASSETS</b>	<u>200,465</u>	<u>200,465</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	135,463	135,463
Short term provisions	13,451	13,451
<b>TOTAL CURRENT LIABILITIES</b>	<u>148,914</u>	<u>148,914</u>
<b>TOTAL LIABILITIES</b>	<u>148,914</u>	<u>148,914</u>
<b>NET ASSETS</b>	<u>51,551</u>	<u>319,424</u>
<b>EQUITY</b>		
Contributed equity	12,281,777	12,549,649
Reserves	(1,319,966)	(1,319,966)
Non-controlling interest	(857,302)	(857,302)
Accumulated Losses	(10,052,958)	(10,052,958)
<b>TOTAL EQUITY</b>	<u>51,551</u>	<u>319,424</u>

#### 5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming no Options are exercised prior to the Record Date, is set out below.

Shares	Number
Shares currently on issue	125,613,048
New Shares offered pursuant to the Offer	31,403,262

<b>Total Shares on issue after completion of the Offer</b>	157,016,310
<b>Options</b>	<b>Number</b>
Unlisted Director Options (exercise price \$0.20, expiry date 31/12/14)	10,000,000
Unlisted Options (exercise price \$0.14, expiry date 31/10/15)	3,250,000
Unlisted Employee Options (exercise price \$0.37, expiry date 30/07/15)	2,000,000
Unlisted Employee Options (exercise price \$0.36, expiry date 04/04/15)	600,000

The capital structure on a fully diluted basis as at the date of this Prospectus would be 141,463,048 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 172,866,310 Shares.

As set out in the Company's announcement on 24 July 2014, the Company executed a binding terms sheet for the Acquisition of Yonder and Beyond. As set out in the announcement, if the Acquisition proceeds, the Company will issue the following securities:

- (a) a placement of 18,841,957 Shares, using the Company's placement capacity under ASX Listing Rule 7.1, at an issue price of \$0.01 per Share to raise up to \$188,420 in order to progress the Acquisition;
- (b) 569,548,872 Shares to the shareholders of Yonder and Beyond for the acquisition of 100% of their shares in Yonder and Beyond;
- (c) 35,000,000 Options, separated into three tranches with varying terms and vesting conditions, to key management of Yonder and Beyond;
- (d) 1,500,000 Options to advisors of Yonder and Beyond; and
- (e) a placement to raise at least \$3,500,000 and no more than \$8,000,000 in connection with the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules as a result of the Acquisition.

## 5.5 Details of substantial holders

Based on publicly available information as at 29 July 2014 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	%
Ms Paige McNeil	7,725,150	6.15%
Frontier Resources Ltd	7,280,012	5.80%
Mr Dirk Seret, Mr Derek Seret and Mr Nicolas Seret <Toptec Australia Superannuation Fund>	6,700,000	5.33%

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

## 6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to the New 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 holders of those New Shares. To obtain such a statement, persons should seek independent legal advice.

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

### **General meetings**

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

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

### **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 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 a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

### **Dividend rights**

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Subject to the rights of any preference Shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to dividend, the dividend as declared 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 in accordance with Part 2H.5 of Chapter 2H of the Corporations Act. The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. 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.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole

or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution.

### **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.

### **Shareholder liability**

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

### **Transfer of Shares**

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

### **Future increases 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.

### **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.

### **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.

## 7. RISK FACTORS

### 7.1 Introduction

The New 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 New 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.

### 7.2 Risks associated with acquisition of Yonder and Beyond

#### (a) Due diligence and completion of acquisition

Completion of the Acquisition of Yonder and Beyond is subject to the Company and Yonder and Beyond each being satisfied with its due diligence investigations in respect of the other. Further, even if the parties are satisfied with their due diligence investigations, the Acquisition is conditional upon the Company entering into separate share sale agreements with each of the Yonder and Beyond shareholders, raising the required funds, obtaining all necessary Shareholder and regulatory approvals and the Company successfully re-complying with Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Acquisition will not proceed as a result of the parties failing to satisfy all of the conditions precedent to the Acquisition resulting in the Company having expended significant funds which may have an adverse effect on the Company.

#### (b) Potential for dilution

As set out in Section 5.4, a significant number of Securities will be issued in the event that the Acquisition is completed. 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 Acquisition 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 \$0.01 is not a reliable indicator as to the potential trading price of Shares following completion of the Acquisition.

#### (c) Lack of intellectual property protection

Yonder and Beyond's business is substantially reliant on its ability to protect and maintain its intellectual property interests. The ability of the Company to obtain and sustain patents, maintain trade secret protection and operate without infringing proprietary rights of third parties will therefore be an integral part of the Company's business in the event that the Acquisition proceeds. The granting of protection, such as a registered patent, does not guarantee that the rights of others are not infringed, that competitors will not develop

technology to avoid the patent or that third parties will not claim an interest in the intellectual property with a view to seeking a commercial benefit from the Company or its partners.

Competition in obtaining and sustaining protection of intellectual property, together with the complex nature of intellectual property, can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. Any breach of the Company's patents will not necessarily be notified to the Company and, in any event, the Company may not be in a financial position to pursue the necessary remedial action in the event of such a breach.

As a result, no guarantee can be given that the patents will give the Company commercially significant protection of its intellectual property.

### **7.3 Company specific**

#### **(a) 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.

#### **(b) Exploration success**

The Company's tenements 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 Company's tenements, 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.

#### **(c) Operations in Papua New Guinea**

All of the Company's projects are located in Papua New Guinea and the Company is subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties. These risks and uncertainties include but are not limited to, terrorism, the risk of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits or contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from a particular jurisdiction.

Changes, if any, in mining or investment policies, or shifts in political attitude, in Papua New Guinea may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use claims of local people, water use and mine safety.



Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decision based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Papua New Guinea, the Directors may reassess investment decisions and commitments to assets in Papua New Guinea.

**(d) Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 125,613,048 currently on issue to 157,016,310. 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 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 \$0.01 is not a reliable indicator as to the potential trading price of Shares following completion of the Offer.

**(e) Agreements with third parties**

The Company has signed various agreements with a number of third parties. There is a risk of financial failure or default by the third party to these arrangements. Any breach or failure may lead to penalties or termination of the relevant contract. In addition, our interest in the relevant subject matter (tenement, for example) may be jeopardised.

## **7.4 General risks**

**(a) Economic**

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

**(b) Market conditions**

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

- general economic outlook;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and

unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

**(c) Dividends**

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

**(d) Taxation**

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

**(e) 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.

**(f) Speculative Investments**

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management. Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

**(g) Commodity Price and Exchange Rate Risks**

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in US dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the exchange rate between the US dollar and the Australian dollar as determined in international markets.

**(h) Environmental Risks**

The operations and proposed activities of the Company are subject to the laws and regulation of all jurisdictions in which the Company is operating 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. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

**(i) Title Risks**

Interests in tenements are governed by the respective legislation in the jurisdiction in which the Company's tenements are located, and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

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

**(j) Future Capital Requirements**

The Company's activities will require substantial expenditures. There can be no assurances that the Company will have sufficient capital resources, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

**(k) Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products or resource projects.

**(l) Resource Estimations**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

## 7.5 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 New Shares offered under this Prospectus. Therefore, the New 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 New Shares pursuant to this Prospectus.

## 8. ADDITIONAL INFORMATION

### 8.1 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.

### 8.2 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 between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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

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

<b>Date</b>	<b>Description of Announcement</b>
30/07/2014	Quarterly Activities & Cashflow Report
24/07/2014	QRL to Acquire Global Technology Incubation Company
23/07/2014	Trading Halt
29/04/2014	Quarterly Activities and Cashflow Report
12/03/2014	Half Year Accounts
18/02/2014	FNT: New Britain JV with Quintessential Res Ltd Terminated
18/02/2014	New Britain Joint Venture Terminated
03/02/2014	Becoming a substantial holder
31/01/2014	Quarterly Activities & Cashflow Report
18/12/2013	Becoming a substantial holder
16/12/2013	Cleansing Statement
16/12/2013	Appendix 3B
13/12/2013	Placement
10/12/2013	Change of Director's Interest Notice
05/12/2013	Entitlement Issue Completed
05/12/2013	Appointment of Director
29/11/2013	Results of Annual General Meeting
01/11/2013	Notice of Annual General Meeting/Proxy Form

31/10/2013	Quarterly Activities Report and Cashflow Report
29/10/2013	High Grade Gold in Rock Chips at Wasio Prospect EL1822
28/10/2013	Change of Director's Interest
28/10/2013	Clarification
23/10/2013	Cohesive Gold in Soil Anomaly at Filofiloia Prospect
23/10/2013	Entitlement Issue Closure and Notice of Shortfall
02/10/2013	Despatch of Prospectus Complete

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.quintessentialresources.com.au](http://www.quintessentialresources.com.au).

### 8.3 Market price of Shares

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

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

Highest	\$0.024	24 July 2014
Lowest	\$0.011	12 – 19 June 2014
Last	\$0.016	29 July 2014

### 8.4 Underwriting Agreement

By an agreement between the Underwriter and the Company dated 24 July 2014 (**Underwriting Agreement**), the Underwriter agreed to underwrite the Offer for 31,403,262 New Shares (**Underwritten Shares**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter a management fee of 5% of the total value of the Underwritten Shares plus an underwriting fee of 1% of the value of the Underwritten Shares.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) (Offer Withdrawn): the Offer is withdrawn by the Company; or
- (b) (Corrective Disclosure):
  - (i) the Underwriter forms the view on reasonable grounds that a corrective document should be lodged with ASX to comply with the Corporations Act and the Company fails to lodge a corrective document in such form and content and within such time as the Underwriter may reasonably require; or

- (ii) the Company lodges a corrective document without the prior written agreement of the Underwriter; or
- (c) (Misleading Documents): it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive, provided that such event has or is likely to have a material adverse effect on the Company or the Offer;
- (d) (Restriction on issue): the Company is prevented from issuing the New Shares within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;
- (e) (ASIC application): an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Offer, provided that the application has not been dismissed by the date on which the Company must notify ASX of any Shortfall under the Offer (**Shortfall Notice Deadline Date**);
- (f) the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel and is not withdrawn or disposed of by the Shortfall Notice Deadline Date, either of which in the Underwriter's reasonable opinion has a material adverse effect on the Company or the Offer;
- (g) (Indictable offence): a Director or senior manager of the Company is charged with an indictable offence, provided that such charge has or is likely to have a material adverse effect on the Company or the Offer; or
- (h) (Termination Events): subject to such event having or being likely to have a material adverse effect on the Company or the Offer, any of the following events occurs:
  - (i) (Default): default or breach by the Company under the Underwriting Agreement and the default or breach is either incapable of remedy or is not remedied within 5 Business Days after the Underwriter notifies the Company of the default or breach occurs or by the Shortfall Notice Deadline Date, whichever is earlier;
  - (ii) (Incorrect or untrue representation): any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
  - (iii) (Contravention of constitution or Act): a material contravention by the Company of any provision of its Constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (iv) (Adverse change): an event occurs (or is reasonably likely to occur) which gives rise to (or is reasonably likely to give rise to) a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of the Company;
  - (v) (Misleading information): any information supplied at any time by the Company or

any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;

- (vi) (Change in Act or policy): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (vii) (Prescribed Occurrence): a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs;
- (viii) (Suspension of debt payments): the Company suspends payment of its debts generally;
- (ix) (Event of Insolvency): an event of insolvency occurs in respect of the Company;
- (x) (Judgment against the Company): a judgment in an amount exceeding \$100,000 is obtained against the Company and is not set aside or satisfied within seven days;
- (xi) (Litigation): litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company;
- (xii) (Board and senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before the issue of the New Shares without the prior written consent of the Underwriter (such consent not to be unreasonably delayed or withheld);
- (xiii) (Change in shareholdings): a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (xiv) (Timetable): there is a delay in any specified date in the timetable which is greater than 3 Business Days, without the prior written consent of the Underwriter (such consent not to be unreasonably delayed or withheld);
- (xv) (Force Majeure): a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven days occurs;
- (xvi) (Certain resolutions passed): the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its Constitution without the prior written consent of the Underwriter;
- (xvii) (Capital Structure): the Company alters its capital structure in any manner not contemplated by the Prospectus or permitted by the Underwriting Agreement;
- (xviii) (Market Movement): the S&P Materials index falls by more than 7.5% after the date of execution of the Underwriting Agreement;
- (xix) (Investigation): any person is appointed under any legislation in respect of companies to investigate the affairs of the Company; or
- (xx) (Hostilities) hostilities not presently existing commence (whether war has been



declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom any member state of the European Union, Indonesia, Japan, Russia or the Peoples Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries; or

- (xxi) (Adverse Change in Financial Markets) there occurs any material adverse change or material adverse disruption to the political or economic conditions of financial markets in Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of its type.

### 8.5 Sub-underwriting Arrangements

Almamater, a company controlled by Jay Stephenson (who is a non-executive Director of the Company), has entered into a sub-underwriting agreement with the Underwriter whereby agreement has been reached for Almamater to sub-underwrite up to a maximum of 4,000,000 Shares under the Offer, on a general sub-underwriting basis, being to a maximum total value of \$40,000 (**Sub-Underwriting Commitment**).

In consideration for agreeing to take up the Sub-Underwriting Commitment, the Underwriter will pay Almamater a fee equal to 3% of Almamater's Sub-Underwriting Commitment, being a sum of \$1,200.

Mr Stephenson (together with his associates, including Almamater) currently has a relevant interest in 963,500 Shares, amounting to a current voting power in the Company of 0.77%. In the event that Mr Stephenson takes up his full Entitlement and Sub-Underwriting Commitment, Mr Stephenson will have a relevant interest in 5,204,375 Shares, amounting to a voting power in the Company of 3.31% (assuming the Offer is fully subscribed). Mr Stephenson also holds an additional 2,000,000 Options (exercisable at \$0.20 on or before 31 December 2014).

Mr Stephenson reserves the right to allocate his Sub-Underwriting Commitment to third parties with the Underwriter's prior written consent.

### 8.6 Interests of Directors

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

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

and no amounts have been paid or agreed to be paid and no benefits have been given or

agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### 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 out in the table below.

Director	Shares	Options <sup>1</sup>	New Shares	\$
Ms Paige McNeil <sup>2</sup>	18,195,066	4,000,000	4,548,766	\$45,487.67
Mr Jay Stephenson <sup>3</sup>	963,500	2,000,000	240,875	\$2,408.75
Ms Julia Beckett	15,000	Nil	3,750	\$150.00

Note:

1. Unlisted director options exercisable at \$0.20 on or before 31 December 2014.
2. 7,725,150 Shares and 4,000,000 Options held by Ms McNeil directly and 10,406,916 Shares held by a company controlled by Ms McNeil, Exploration & Management Consultants Pty Ltd (6,063,236 of which are held as trustee of the Malalo Superannuation Fund and 4,343,680 of which are held as trustee of the Malalo Trust, of which Ms McNeil is a beneficiary) and 63,000 Shares are held by Ms McNeil's husband.
3. As set out in Section 8.5, Almamater (a company controlled by Jay Stephenson) will also sub-underwrite up to 4,000,000 Underwritten Shares.

The Board recommends all Shareholders take up their Entitlements and advises that Directors propose to take up their full Entitlements.

### 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 \$250,000 per annum.

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

For the financial year ending 30 June 2014, the Company paid by way of approved remuneration for services provided by all Directors or former directors of the Company (executive, non-

executive and alternate), companies associated with those Directors or former directors of the Company or their associates in their capacity as Directors or former directors of the Company, employees, consultants or advisers (inclusive of employer superannuation contributions) a total of \$176,467.

The annual remuneration of the Directors (inclusive of superannuation) for the financial years ended 30 June 2013 and 30 June 2014 and the proposed annual remuneration for the year ending 30 June 2015 are set out in the table below.

<b>Director</b>	<b>Financial Year Ended 30 June 2013</b>	<b>Financial Year Ended 30 June 2014</b>	<b>Financial Year Ending 30 June 2015</b>
Ms Paige McNeil	\$185,484	\$103,076	\$120,000
Mr Jay Stephenson	\$61,725	\$55,000	\$55,000
Ms Julia Beckett (appointed 5 December 2013)	Nil	\$12,177	\$30,000
<b>Total</b>	<b>\$247,409</b>	<b>\$170,253</b>	<b>\$205,000</b>

Note: Fees are currently being accrued to assist cash flow of Company.

## 8.7 Interests of experts and advisers

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

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

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

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

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

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Taylor Collison Limited will be paid an underwriting fee of approximately \$15,702 together with a \$3,140 management fee in respect of this Offer. Taylor Collison Limited will also be paid \$9,421 for corporate advisory services provided to the Company as well as for services to be provided in respect of a proposed placement to be undertaken by the Company. During the 24 months preceding lodgement of this Prospectus with the ASIC, Taylor Collison Limited has been paid fees totalling \$10,188 by the Company.]

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$16,014 (excluding GST and disbursements) for legal services provided to the Company.

## 8.8 Consents

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) 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.

Taylor Collison Limited has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named.

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.

## 8.9 Expenses of the Offer

In the event that all Entitlements are accepted, the total cash expenses of the Offer are estimated to be approximately \$45,556 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,290
ASX fees	2,593
Underwriter Fees	18,842
Legal Fees	15,000
Printing and distribution and other	7,500
<b>Total</b>	<b>46,225</b>

## 8.10 Electronic Prospectus

The ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

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 6141 3000 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.quintessentialresources.com.au](http://www.quintessentialresources.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.

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

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

### 8.12 Privacy Act

If you complete an application for New 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.

## 9. 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.



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**PAIGE MCNEIL**  
**MANAGING DIRECTOR**  
For and on behalf of  
**QUINTESSENTIAL RESOURCES LIMITED**

## 10. GLOSSARY

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

**Acquisition** means the Company's proposed acquisition of Yonder and Beyond, as announced to the ASX on 24 July 2014.

**Almamater** means Almamater Pty Ltd, as trustee for the Stephenson Family Account.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

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

**ASIC** means the Australian Securities and Investments Commission.

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

**ASX Listing Rules** means the listing rules of the ASX.

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

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

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

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

**Company** means Quintessential Resources Limited (ACN 149 278 759).

**Computershare** means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

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

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

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

**Eligible Shareholder** means a Shareholder of the Company as at the Record Date.

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

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

**New Option** means a free attaching Option offered under this Prospectus.

**New Share** means a Share offered under this Prospectus.

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

**Official Quotation** means official quotation on ASX.

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

**Securities** means the New Shares offered pursuant to the Offer.

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

**Share Registry** means Computershare Investor Services Pty Ltd (ABN 48 078 279 277).

**Shareholder** means a holder of a Share.

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

**Shortfall Application Form** means the shortfall 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 4.6 of this Prospectus.

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

**Underwriter** means Taylor Collison Limited (ACN 008 172 450 AFSL 247083).

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

**Yonder and Beyond** means Yonder and Beyond Ltd (ACN 168 223 765).