

# ENTITLEMENT ISSUE AND EXTENSION OF LOAN FACILITIES

**ANNOUNCEMENT**

**8 AUGUST 2016**

Audalia Resources Limited (**Audalia**) (ASX: ACP) is pleased to release a prospectus for a non-renounceable entitlement issue of shares to raise up to \$2,406,600, before costs (**Entitlement Issue** or **Offer**) and accompanying Appendix 3B.

The Board has set a minimum subscription for the Offer as \$600,000, being 25% of the amount the Company is seeking to raise under the Offer. No Shares will be allotted or issued until the minimum subscription has been received.

The funds raised from the Entitlement Issue will be used to progress the ongoing metallurgical testwork at the Company's flagship Medcalf Project and advance exploration and evaluation activities at the Company's Medcalf and Gascoyne Projects as well as supplement general working capital and cover costs of the Offer.

The timetable for the Entitlement Issue is as follows:

Lodgement of Prospectus with the ASIC	8 August 2016
Lodgement of Prospectus & Appendix 3B with ASX	8 August 2016
Notice sent to Shareholders	10 August 2016
Ex date	11 August 2016
Record Date for determining Entitlements	12 August 2016
Prospectus sent out to Shareholders and the Company announces this has been completed	17 August 2016
Closing Date	7 September 2016
Shares quoted on a deferred settlement basis	8 September 2016
ASX notified of under subscriptions	12 September 2016
Issue date for Shares. Deferred settlement trading ends.	14 September 2016
Trading of Shares issued under the Offer	15 September 2016

All dates, other than the date of lodgement of the Prospectus with ASIC, are indicative only. The Company reserves the right to amend any of the important dates, without prior notice but subject to the Corporations Act and the ASX Listing Rules.

Audalia also advises that further to the ASX announcements of 24 March 2015 and 25 September 2015 in relation to the loan facilities of A\$4 million (**Loan Facilities**), Audalia has negotiated the extension of the repayment date of the Loan Facilities from 20 March 2017 to 20 November 2018.

Audalia continues to pursue opportunities to complete further capital raisings to advance the development work at the Medcalf Project as well as progress the ongoing exploration activities at the Gascoyne Project.

**Authorised by:**

**Brent Butler**  
*CEO and Executive Director*

**AUDALIA RESOURCES LIMITED**  
**ACN 146 035 690**

---

**ENTITLEMENT ISSUE PROSPECTUS**

---

For a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Share to raise up to approximately \$2,406,600 (based on the number of Shares on issue as at the date of this Prospectus) (**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 Shares 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.

---

## TABLE OF CONTENTS

---

1.	CORPORATE DIRECTORY .....	1
2.	TIMETABLE.....	2
3.	IMPORTANT NOTICES.....	3
4.	LETTER TO SHAREHOLDERS .....	8
5.	DETAILS OF THE OFFER .....	9
6.	PURPOSE AND EFFECT OF THE OFFER.....	12
7.	RIGHTS AND LIABILITIES ATTACHING TO SHARES .....	15
8.	RISK FACTORS .....	17
9.	ADDITIONAL INFORMATION.....	24
10.	DIRECTORS' AUTHORISATION.....	31
11.	GLOSSARY.....	32

---

## 1. CORPORATE DIRECTORY

### Directors

Dato Soo Kok Lim (Executive Chairman)  
Datuk Siew Swan Ong (Executive Director)  
Mr Brent Butler (CEO and Executive Director)  
Mr Xu Han (Non-Executive Director)

### Company Secretary

Ms Karen Logan

### Share Registry\*

Advanced Share Registry Limited  
110 Stirling Highway  
NEDLANDS WA 6009  
  
Telephone: +61 8 9389 8033

### Auditor\*

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

### Registered Office

Level 1, Office F  
1139 Hay Street  
West Perth WA 6005

Telephone: + 61 8 9321 0715  
Facsimile: +61 8 9321 0721

Email: [investors@audalia.com.au](mailto:investors@audalia.com.au)  
Website: [www.audalia.com.au](http://www.audalia.com.au)

### Solicitors

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

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

---

## 2. TIMETABLE

Announcement of Offer	8 August 2016
Lodgement of Prospectus with the ASIC	8 August 2016
Lodgement of Prospectus & Appendix 3B with ASX	8 August 2016
Notice sent to Shareholders	10 August 2016
Ex date	11 August 2016
Record Date for determining Entitlements	12 August 2016
Prospectus sent out to Shareholders & Company announces this has been completed	17 August 2016
Closing Date*	7 September 2016
Shares quoted on a deferred settlement basis	8 September 2016
ASX notified of under subscriptions	12 September 2016
Issue date of Shares	14 September 2016
Quotation of Shares issued under the Offer *	14 September 2016

\*All dates, other than the date of lodgement of the Prospectus with ASIC, are indicative only. The Company reserves the right to amend any of the important dates without prior notice but subject to the Corporations Act and the ASX Listing Rules.

---

### 3. IMPORTANT NOTICES

This Prospectus is dated 8 August 2016 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 original Entitlement and Acceptance 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.

#### 3.1 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 risks include:

Risk	Description	Reference in Prospectus
<b>Feasibility Studies, Medcalf</b>	There is a risk that any future feasibility studies undertaken for the Medcalf Project will not reflect the results of the pre-feasibility study completed in March 2016. This may adversely affect the prospects and economics of the Medcalf Project. There is no guarantee that the Company will achieve commercial viability through successful development of the Medcalf project.	8.2(a)

<p><b>Potential for significant dilution</b></p>	<p>Upon implementation of the Offer, assuming all Entitlements are accepted the number of Shares in the Company will increase from 240,660,001 Shares (being the number of Shares on issue at the date of the Prospectus) to 481,320,002 Shares. This means that each Share will represent a significantly lower proportion of the ownership of the Company.</p>	<p>8.2(b)</p>
<p><b>Exploration success</b></p>	<p>There is an inherent risk associated with mineral exploration at both the Company's Medcalf and Gascoyne Projects. For the Company's Medcalf Project there is no assurance that the current JORC compliant resource (indicated and inferred) will be confirmed and / or increased by additional infill drilling. These estimates are an expression of judgement based on knowledge, experience and industry practise.</p> <p>There is also no assurance that the Company's Gascoyne Project will result in recoverable mineral resources being identified to an indicated or inferred level.</p>	<p>8.2(c)</p>
<p><b>Additional requirements for capital</b></p>	<p>Based on the Company achieving the full subscription, the funds raised under the Offer are expected to cover ongoing metallurgical test work at the Medcalf Project and further exploration and evaluation activities at its Medcalf and Gascoyne Projects in addition to covering the cost of the Offer and general working capital. However, as the Company is not currently generating revenues it will require additional funding through debt or equity to continue the development of its assets into the future.</p>	<p>8.2(d)</p>
<p><b>Metallurgy</b></p>	<p>Mineral recoveries are dependent upon metallurgical processes which contain certain inherent risk such as identifying a metallurgical process through test work to produce a saleable mineral and/or concentrate, developing an economic process to produce a viable mineral and/or concentrate product and changes in mineralogy in an ore deposit which may result in inconsistent recovery affecting the potential economic viability of a project.</p>	<p>8.2(e)</p>

### 3.2 Directors' interests in Securities

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

Director	Shares	Voting Power (%)	Offer Entitlement	\$
Dato Soo Kok Lim <sup>1</sup>	24,610,333	10.22%	24,610,333	\$246,103
Datuk Siew Swan Ong <sup>2</sup>	25,200,000	10.47%	25,200,000	\$252,000
Brent Butler <sup>3</sup>	4,500,000	1.87%	4,500,000	\$45,000
Xu Han <sup>4</sup>	Nil	Nil	Nil	Nil

**Notes:**

1. Dato Soo Kok Lim holds 23,470,333 Shares directly and 1,140,000 Shares indirectly with the registered holder being Dato Lim's spouse.
2. Datuk Siew Swan Ong holds 24,050,000 Shares directly and 1,150,000 Shares indirectly with the registered holder being Datuk Ong's spouse.
3. Mr Butler holds all Shares indirectly through Megan Holdings Pty Ltd <The Butler Investment A/C> of which Mr Butler is a director and shareholder of the trustee company and beneficiary of the trust.

The Board recommends all Shareholders take up their Entitlement and advises that all directors have indicated their present intention is to take up their Entitlement to the full extent of their capacity.

Dato Soo Kok Lim and Datuk Siew Swan Ong will not accept their Entitlement in full if it would result in either of their voting powers in the Company exceeding 19.90%, in which case Dato Soo Kok Lim and Datuk Siew Swan Ong intend to accept their Entitlement in part so that their voting power in the Company would be as close to but not exceeding 19.90%.

### 3.3 Details of substantial holders and effect of Offer on voting power in the Company

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

Shareholder	Shares	%	Offer Entitlement	\$	% Holding post-Offer (Minimum Subscription)	% Holding post-Offer (Full Subscription)
Datuk Siew Swan Ong	25,200,000	10.47	25,200,000	252,000	16.76	10.47
Dato Soo Kok Lim	24,610,333	10.23	24,610,333	246,103	16.37	10.23
Li Yi Phang	22,750,000	9.45	22,750,000	227,500	15.13	9.45

**Notes:**

1. To the extent that the shareholders total voting power in the Company increases by at least 1% as a result of the Offer, they will be required to lodge a new substantial holder notice with the Company which will be announced on the ASX.
2. The voting power in the table is prior to settlement of the Offer.

To the best of the Company's knowledge, other than Datuk Siew Swan Ong and Dato Soo Kok Lim who are Directors, the other substantial holder is not a related



party of the Company, associated with any of the Directors, acting in concert or associated with any other substantial holder.

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

The Company will only issue Shares pursuant to an application received from substantial shareholders where the Directors are satisfied, in their discretion, that the issue of the Shares will not increase the Shareholders voting power above 19.90%.

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

Holder	Holding as at Record date	% at Record Date	Entitlement under the Offer	Holdings if Offer not taken Up	% post Offer (Minimum Subscription)	% post Offer (Full Subscription)
Shareholder 1	10,000,000	4.16%	10,000,000	10,000,000	3.33%	2.08%
Shareholder 2	5,000,000	2.08%	5,000,000	5,000,000	1.66%	1.04%
Shareholder 3	1,500,000	0.62%	1,500,000	1,500,000	0.50%	0.31%
Shareholder 4	400,000	0.17%	400,000	400,000	0.13%	0.08%
Shareholder 5	50,000	0.02%	50,000	50,000	0.02%	0.01%

The potential effect that the issue of the Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Entitlement under the Offer, the issue of Shares under the Offer will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from ineligible Shareholders being unable to participate in the Offer; and
- (b) in the more likely event that Eligible Shareholders do not subscribe for their full Entitlement of Shares under the Offer, those Eligible Shareholders and ineligible Shareholders unable to participate in the Offer will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement as shown by the table above.

Following completion of the Offer, full details regarding the changes to the voting power and changes to Directors' interests will be announced to the ASX.

### 3.4 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	\$0.14	7 June 2016
Lowest	\$0.05	5 August 2016
Last	\$0.05	5 August 2016

### 3.5 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.

---

#### 4. LETTER TO SHAREHOLDERS

Dear Shareholder

On 8 August 2016, the Company announced its intention to conduct a non-renounceable entitlement issue of one (1) new Share for every one (1) Share held by Eligible Shareholders at the Record Date at an issue price of \$0.01 per Share to raise approximately \$2,406,600 before costs.

The Board has set a minimum subscription for the Offer as \$600,000, being 25% of the amount the Company is seeking to raise under the Offer. No Shares will be allotted or issued until the minimum subscription has been received.

All Eligible Shareholders registered at 5.00pm AWST on 12 August 2016 will be entitled to participate in the non-renounceable issue of shares.

On behalf of Audalia Resources Limited, I am pleased to invite you to participate in the Offer.

This Prospectus contains important information about the Offer, including:

- (a) details of the Offer, including key dates;
- (b) actions required by Shareholders; and
- (c) risk factors associated with the Offer.

A personalised Entitlement and Acceptance Form which details your Entitlement is to be completed in accordance with the instructions provided.

You should read this Prospectus carefully and in its entirety before deciding whether or not to participate in the Offer. In particular, you should consider the key risk factors included in Section 8.

The proposed Closing Date for acceptances is 5:00 pm AWST on 7 September 2016.

Shareholders who have any queries about the Offer should contact the Company Secretary via telephone on +61 8 9321 0721 at any time from 8:30am to 5:00pm (AWST time) or via email at [investors@audalia.com.au](mailto:investors@audalia.com.au) on or prior to the Closing Date.

Shareholders who do not take up all or any part of their Entitlement will not receive any payment or value in respect of those Entitlements and their equity interest in the Company will be diluted.

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your ongoing support of our Company.

Yours sincerely



**Mr Brent Butler**  
**CEO and Executive Director**  
**Audalia Resources Limited**

---

## 5. DETAILS OF THE OFFER

### 5.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by Shareholders registered at the Record Date at an issue price of \$0.01 per 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 240,660,001 Shares will be issued pursuant to this Offer to raise up to approximately \$2,406,600 (subject to rounding).

As at the date of this Prospectus, the Company has no options, rights or convertible instruments on issue.

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

### 5.2 Minimum subscription

The minimum subscription is \$600,000. No Shares will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their application monies.

### 5.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

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; or
- (b) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of 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 Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Your completed Entitlement and Acceptance Form and payment must reach the Registry no later than 5:00 pm (AWST) on the Closing Date.

#### 5.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Audalia Resources Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm (AWST) on the Closing Date.

#### 5.5 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 5:00pm (AWST) on the Closing Date. 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.

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

#### 5.6 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.

#### 5.7 Issue of Shares

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 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 Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

## **5.8 Overseas shareholders**

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

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

### ***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 Securities Act (Overseas Companies) Exemption Notice 2013 (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.

### ***Malaysia***

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of new Shares. The new Shares may not be offered or sold in Malaysia except to existing shareholders of the Company pursuant to an exemption under the Malaysian Capital Markets and Services Act.

### ***Nominees and custodians***

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia, New Zealand or Malaysia 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.

## **5.9 Enquiries**

Any questions concerning the Offer should be directed to Karen Logan, Company Secretary, on +61 8 9321 0715 or by email [investors@audalia.com.au](mailto:investors@audalia.com.au).

## 6. PURPOSE AND EFFECT OF THE OFFER

### 6.1 Purpose of the Offer

Completion of the Offer will result in an increase in cash in hand of up to approximately \$2,406,600 (before the payment of costs associated with the Offer). The funds raised from the Offer are currently intended to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Minimum Subscription (\$)	%	Full Subscription (\$)	%
1.	Exploration and evaluation work at the Gascoyne Project	-	-	463,505	19
2.	Exploration, evaluation and ongoing metallurgical test work at the Medcalf Project	422,015	70	1,692,710	70
3.	General working capital <sup>1</sup>	177,895	30	250,385	10
	<b>Total</b>	<b>\$600,000</b>	<b>100</b>	<b>2,406,600</b>	<b>100</b>

#### Notes:

1. Funds allocated to general working capital relate to administration costs of the Company, including the costs of the Offer. Refer to Section 9.6 of this Prospectus for further details relating to the estimated expenses of the Offer.

In the event that the Company raises less than the full subscription of \$2,406,600 the funds will be first applied towards the costs of the Offer and any remaining funds raised from the Offer will be allocated first towards ongoing metallurgical test work for the Medcalf Project, then on exploration and evaluation activities at both Medcalf and Gascoyne Projects. The level of funds raised between the minimum and maximum subscription above, together with the Company's existing cash balance, will determine the size and focus of the proposed exploration programmes.

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.

### 6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted prior to the Record Date, will be to:

- (a) increase the cash reserves by \$2,359,100 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 240,660,001 as at the date of this Prospectus to approximately 481,320,002 Shares (subject to rounding).

### 6.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 June 2016 and the unaudited pro-forma balance sheet as at 30 June 2016 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 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.

	\$AUD UNAUDITED Audalia Resources 30 Jun 2016	Notes	\$AUD Net proceeds of the Offer	\$AUD PROFORMA Audalia Resources 30 Jun 2016
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	882,660	1,2	2,359,100	3,241,760
Receivables	41,997			41,997
Other current assets	11,335			11,335
<b>Total current assets</b>	<b>935,992</b>		<b>2,351,600</b>	<b>3,295,092</b>
<b>Non-current assets</b>				
Property, Plant and equipment	33,471			33,471
Capitalised exploration and evaluation costs	7,907,786			7,907,786
<b>Total non-current assets</b>	<b>7,941,257</b>		<b>0</b>	<b>7,941,257</b>
<b>Total assets</b>	<b>8,877,249</b>		<b>2,359,100</b>	<b>11,236,349</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	888,236			888,236
Provisions	80,104			80,104
Loans and borrowings	3,625,000	3		3,625,000
<b>Total current liabilities</b>	<b>4,593,340</b>		<b>0</b>	<b>4,593,340</b>
<b>Total liabilities</b>	<b>4,593,340</b>		<b>0</b>	<b>4,593,340</b>
<b>Net Assets</b>	<b>4,283,909</b>		<b>0</b>	<b>6,643,009</b>
<b>EQUITY</b>				
Contributed Equity	7,048,234	1,2	2,359,100	9,407,334
Reserves	10,000			10,000
Accumulated losses	(2,774,325)			(2,774,325)
<b>Total equity</b>	<b>4,283,909</b>		<b>2,359,100</b>	<b>6,643,009</b>

**Notes:**

1. Full take up of the Offer to raise \$2,406,600 before expenses.
2. Expenses of the Offer \$47,500.



- Subsequent to 30 June 2016, the Company and its lenders agreed to extend the repayment date of these loans from 20 March 2017 to 20 November 2018.

#### 6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

##### Shares

	Number
Shares currently on issue	240,660,001
Shares offered pursuant to the Offer	240,660,001
<b>Total Shares on issue after completion of the Offer</b>	<b>481,320,002</b>

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

---

## **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 Corporations Act and to any special rights or restrictions attached to Shares, Directors may from time to time authorise the Company to pay interim and final dividends which appear to the Director to be justified by the profits of the Company.

### **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 of Shareholders, 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 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.

#### **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.

The Shares are quoted on ASX.

#### **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) Feasibility Studies, Medcalf Project**

There is a risk that any future feasibility studies for the Medcalf Project will not reflect the results of the pre-feasibility study completed in March 2016 which may adversely affect the prospects and economics of the Medcalf Project. The future development of a mine is dependent on, and may be affected by, a number of factors including, but not limited to, failure to determine feasibility to economically recover ore bodies, determination of unfavourable geological conditions, unanticipated technical and operational factors encountered when examining extraction and production methods and construction risk in particular with regard to increased costs for significant problems in metallurgical processes within the plant.

In the event that the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents.

#### **(b) Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted the number of Shares in the Company will increase from 240,660,001 Shares (being the number of Shares on issue at the date of the Prospectus) to 481,320,002 Shares. 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 \$0.05 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(c) **Exploration Success**

The licences and lease in which the Company holds titles are at various stages of exploration and assessment, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There is an inherent risk associated with mineral exploration at both the Company's Medcalf and Gascoyne Projects. For the Company's Medcalf Project there is no assurance that the current JORC compliant resource (indicated and inferred) will be confirmed and / or increased by additional infill drilling. These estimates are an expression of judgement based on knowledge, experience and industry practise.

There is also no assurance that the Company's Gascoyne Project will result in recoverable mineral resources being identified to an indicated or inferred level

There can be no assurance that further exploration of the Company's licences or lease, or any other licenses that may be acquired in the future will be successful.

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, native title process, 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 capital, being able to maintain title to its licences and lease 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 licences or lease, a reduction in the case reserve estimates of the Company and possible relinquishment of the licences.

(d) **Additional requirements for capital**

Until the Company is able to develop the Medcalf Project and generate cash flow, it is dependent upon being able to obtain future equity or debt funding to support its continuing operations. Neither the Company nor any of the Directors can provide any guarantee or assurance that if and when further funding is required, such funding can be raised on terms favourable to the Company (or at all).

Should the Company fail to raise capital, if and when needed, it could adversely affect the Company's current strategy and intentions for the Company's assets. The inability to access further capital could have a material adverse effect on the Company's activities and its ability to repay existing long-term borrowings.

(e) **Metallurgy**

Mineral recoveries are dependent upon metallurgical processes which contain certain inherent risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable mineral and/or concentrate;
- (i) developing an economic process to produce a viable mineral and/or concentrate product;
- (ii) changes in mineralogy in an ore deposit which may result in inconsistent recovery affecting the economic viability of a project.

(f) **Title Risk**

Interests in mineral licences in Western Australia are governed by the Mining Act 1978. 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 its licences or lease if these conditions are not met or if insufficient funds are available to meet expenditure commitments. If any of the licences or the lease are not renewed, the Company may suffer damage through loss of opportunity to discover and develop any mineral resources to which it otherwise would have had a right.

(g) **Regulatory Risks**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Company's tenements.

(h) **Foreign Exchange Rate Risk**

The Company's products, should production commence, are denominated in foreign currency, predominantly United State dollars. Whereas, the Company's expenditure is likely to consist of a substantial amount of Australia dollar amounts. The different currencies will expose the Company to the fluctuations and volatility of the rate of exchange

between the United States dollar and the Australian dollar as determined in international markets.

(i) **Commodity Price Volatility**

If the Company achieves commercial production, the revenue it will derive through the sale of product exposes the Company to commodity price risks. Commodity prices (including vanadium and iron ore prices) fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations, technological advancements, forward selling activities and other macro-economic factors. The vanadium market is relatively small and difficult to enter. If the Company is unable to enter into offtake agreements for a substantive amount of its product at prices that allow the Company to be run profitably then this may adversely affect the financial performance of the Company.

(j) **Litigation risk**

There is a risk that where formal proceedings are commenced against the Company and the Company is unable to successfully negotiate a resolution or defend a matter, or any other proceedings that have been threatened or brought against the Company, an adverse damages order may be made against the Company which may impact on the Company's financial position. The outcome of such proceedings would be subject to the determination of the relevant Court.

(k) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its executive management team 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 executives cease their employment.

(l) **Liquidity risk**

There is a substantial concentration of long term shareholders in the Company and a history of limited trading over the last two years. As a consequence, there can be no guarantee that an active market in the Company's securities will develop or that the price of the securities will increase. There is no guarantee that there will be an ongoing liquid market for the Company's securities. Accordingly, there is a risk, should the market for the Company's securities become illiquid, Shareholders will be unable to realise their investment in the Company.

### **8.3 Industry specific**

(a) **Environmental risks**

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

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

(b) **Operating Risk**

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

- (i) adverse geological conditions including mineral variability;
- (ii) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (iii) expected mineral recoveries for the ore do not occur;
- (iv) mechanical failure of operating plant and equipment;
- (v) industrial and environmental accidents, industrial disputes and other force majeure events;
- (vi) inability to recruit and retain operating staff with specialist vanadium processing experience;
- (vii) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (viii) inability to obtain necessary consent or approvals.

(c) **Resource and Revenue Estimates**

Resource and other estimates of vanadium occurrences are expressions of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates, including that vanadium mined may be of a different quality, tonnage or strip ratio from the estimates. Resource and revenue estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to the estimates of vanadium reserves could affect the proposed development and mining plans.



(d) **Technological**

This risk relates mainly to the threat of substitution of vanadium by other materials in the manufacture of high strength materials and other vanadium applications. In addition, the amount of vanadium being used in manufacturing products is continuously being engineered down which could ultimately affect demand.

(e) **Contractual**

The ability of the Company to achieve its objectives will depend on the performance by the other parties to contracts which the Company may enter into in the future. If a party defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

(f) **Native Title**

The licenses which the Company holds an interest extend over areas in which legitimate native title rights of indigenous Australians exist. The ability to gain access to some or all of the licences and to conduct exploration remains subject to native title rights. The Company has also negotiated a Land Access Agreement in 2015 with the Ngadju People. This Agreement includes rights and obligations of the Company when conducting its activities at the Medcalf Project. The ability of the Company to gain access to its Projects remains subject to native title rights and the terms of the Land Access Agreement.

(g) **Competition**

The Company competes with other companies, including major mineral exploration and production companies. Some of these companies have a greater financial and other resources than Audalia and, as a result, may be better financially positioned to compete for future business opportunities. There can be no assurance that the Company can compete effectively with its competition.

## 8.4 General Risks

(a) **General economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

(b) **Equity market conditions**

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(c) **Change in government policy and legislation**

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the Company, and consequent returns to investors. The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

(d) **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.

(e) **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.

## **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 between the date of issue of this Prospectus and the Closing Date:

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

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

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

Date	Description of Announcement
02/08/2016	Change in substantial holding
29/07/2016	June 2016 Quarterly Report and Appendix 5B
04/07/2016	Initial Director's Interest Notice
04/07/2016	Final Director's Interest Notice
30/06/2016	Board changes
28/06/2016	Change of Director's Interest Notice
02/05/2016	March 2016 Quarterly Report and Appendix 5B
05/04/2016	Change in substantial holding
05/04/2016	Change of Director's Interest Notice
30/03/2016	Change of Director's Interest Notice
30/03/2016	Secondary trading notice and Appendix 5B
14/03/2016	Half Year Accounts
09/03/2016	Medcalf Project Pre-Feasibility Study Results
29/01/2016	December 2015 Quarterly Report and Appendix 5B
29/12/2015	Change of Director's Interest Notice
29/12/2015	Secondary trading notice and Appendix 5B
27/11/2015	Change of Director's Interest Notice
27/11/2015	Results of Meeting
23/11/2015	Secondary trading notice and Appendix 5B
13/11/2015	Mining Lease granted for Medcalf Project
09/11/2015	Definitive Agreement signed with the Ngadjju People
30/10/2015	September 2015 Quarterly Report and Appendix 5B

Date	Description of Announcement
29/10/2015	Notice of Annual General Meeting/Proxy Form
30/09/2015	Final Director's Interest Notice
30/09/2015	Resignation of Director
29/09/2015	Corporate Governance Statement and Appendix 4G

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.

A link to the Company's announcements is also available through the Company's website [www.audalia.com.au](http://www.audalia.com.au).

### 9.3 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.

#### **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 \$300,000 per annum pursuant to the Company's Extraordinary General Meeting held in January 2011.

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

The following table shows the total and proposed annual remuneration paid and payable to both executive and non-executive directors inclusive of superannuation.

Director <sup>5</sup>	Proposed 30 June 2017	Financial year ended 30 June 2016	Financial year ended 30 June 2015
Soo Kok Lim <sup>1</sup>	\$87,600	\$87,600	\$87,600
Siew Swan Ong <sup>2</sup>	\$87,600	\$87,600	\$87,600
Brent Butler <sup>3</sup>	\$150,000	\$1,050,000	\$55,000
Xu Han <sup>4</sup>	\$253,000	-	-
<b>TOTAL</b>	<b>\$578,200</b>	<b>\$1,225,200</b>	<b>\$421,000</b>

#### Notes

The figures above include the value of non-cash share based payments if applicable.

1. Appointed on 9 October 2010. The total salary and superannuation remains unpaid.
2. Appointed on 9 October 2010. The total salary and superannuation remains unpaid.
3. Appointed on 16 February 2011. A company, World Technical Services Pty Ltd, associated with Mr Butler was paid \$191,000 in consulting fees for the year ended 30 June 2015. Included in the 30 June 2016 balance is a value of \$900,000 for share based payments relating to the issue of shares upon satisfaction of milestones within his contract.
4. Appointed on 30 June 2016. Mr Han's director's fees are \$25,000 per annum. In his consultative capacity and otherwise on commercial terms he will be paid \$228,000.
5. Mr Andrew Kwa resigned on 30 September 2015. Mr Raymond Browning resigned on 30 June 2016.

#### 9.4 Interests of experts and advisers

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

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

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

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:

- (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

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

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

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$7,500 (excluding GST and disbursements) for these services.

## 9.5 Consents

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

Each of the parties referred to in this Section:

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

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.

## 9.6 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer and Placement are estimated to be approximately \$47,500 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,350
ASX fees	9,231
Legal fees	7,500
Legal - Overseas	2,000
Printing and distribution	7,500
Share Registry fees	7,500
Other compliance fees	11,419
<b>Total</b>	<b><u>47,500</u></b>

## 9.7 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 Entitlement and Acceptance Form. If you have not, please phone the Company on +61 9321 0715 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.audalia.com.au](http://www.audalia.com.au).

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## 9.8 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.

## 9.9 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.

#### **9.10 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.

---

**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.



---

**Brent Butler**  
CEO and Executive Director  
For and on behalf of  
Audalia Resources Limited

---

11. GLOSSARY

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

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer.

**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.

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

**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 Audalia Resources Limited (ACN 146 035 690).

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

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

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

**Eligible Shareholder** means a Shareholder as at the Record Date with a registered address in Australia, New Zealand or Malaysia.

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

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

**Offer** means the non-renounceable entitlement issue of one (1) new Share for every one (1) Share held by Eligible Shareholders at the Record Date at an issue price of \$0.01 per Share to raise approximately \$2,406,600 before costs.

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

**Prospectus** means this prospectus.

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

**Section** means a section of this Prospectus.

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

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

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

**AUDALIA RESOURCES LIMITED**

ABN

**49 146 035 690**

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | Shares.                                      |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | 240,660,001 Shares                           |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares ( <b>Shares</b> ) |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

<p>4 Do the <sup>+</sup>securities rank equally in all respects from the <sup>+</sup>issue date with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional <sup>+</sup>securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes.</p>
<p>5 Issue price or consideration</p>	<p>\$0.01 per Share.</p>
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Funds raised from the Entitlement Issue will be used to progress the ongoing metallurgical testwork at the Company's flagship Medcalf Project and advance exploration and evaluation activities at the Company's Medcalf and Gascoyne Projects as well as supplement general working capital and cover costs of the Offer.</p>
<p>6a Is the entity an <sup>+</sup>eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the <sup>+</sup>securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>No.</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>Not applicable.</p>
<p>6c Number of <sup>+</sup>securities issued without security holder approval under rule 7.1</p>	<p>Not applicable.</p>
<p>6d Number of <sup>+</sup>securities issued with security holder approval under rule 7.1A</p>	<p>Not applicable.</p>

---

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable.	
6f	Number of +securities issued under an exception in rule 7.2	240,660,001 Shares.	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable.	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable.	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1: 69,323,000  Rule 7.1A: Nil	
7	+Issue dates  <small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.</small>	On or around 14 September 2016.	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		481,320,002	Fully paid ordinary shares

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Not Applicable.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable

**Part 2 - Pro rata issue**

11	Is security holder approval required?	No.
12	Is the issue renounceable or non-renounceable?	Non-renounceable.
13	Ratio in which the +securities will be offered	One Share for every one Share held.
14	+Class of +securities to which the offer relates	Fully paid ordinary shares.
15	+Record date to determine entitlements	12 August 2016.
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No.
17	Policy for deciding entitlements in relation to fractions	Rounded up to the next whole number.
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with.            Cross reference: rule 7.7.</small>	Singapore and Philippines.
19	Closing date for receipt of acceptances or renunciations	7 September 2016
20	Names of any underwriters	Not Applicable.

---

+ See chapter 19 for defined terms.

21	Amount of any underwriting fee or commission	Not Applicable.
22	Names of any brokers to the issue	Not applicable.
23	Fee or commission payable to the broker to the issue	Not applicable.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable.
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable.
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	17 August 2016.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable.
28	Date rights trading will begin (if applicable)	Not applicable.
29	Date rights trading will end (if applicable)	Not applicable.
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable.
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable.
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Not applicable.
33	*Issue date	14 September 2016.

---

+ See chapter 19 for defined terms.



### **Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

34 Type of +securities  
(tick one)

(a)  +Securities described in Part 1

(b)  All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### **Entities that have ticked box 34(a)**

#### **Additional securities forming a new class of securities**

*Questions 35 to 37 – Not applicable*

#### **Entities that have ticked box 34(b)**

*Questions 38 to 42 - Not Applicable*

---

+ See chapter 19 for defined terms.

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.
  
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  
  - There is no reason why those +securities should not be granted +quotation.
  
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
  
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
  
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ..... Date: **8 August 2016**  
**Company Secretary**

Print name: .....  
**Karen Logan**  
=====

---

+ See chapter 19 for defined terms.

## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

#### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	234,160,001
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> </ul> <p style="margin-left: 20px;">244,660,001</p> <ul style="list-style-type: none"> <li>• 2,000,000 fully paid ordinary shares issued on 24 December 2015, exception 14;</li> <li>• 2,000,000 fully paid ordinary shares issued on 30 March 2016, exception 14;</li> <li>• 240,660,001 Shares to be issued on or around 14 September 2016, exception 1.</li> </ul> <ul style="list-style-type: none"> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p style="margin-left: 20px;">Nil</p> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	478,820,002

+ See chapter 19 for defined terms.

<b>Step 2: Calculate 15% of “A”</b>	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	71,823,000
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	2,500,000 <ul style="list-style-type: none"> <li>• 2,500,000 fully paid ordinary shares to a consultant on 23 November 2015.</li> </ul>
“C”	2,500,000
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	71,823,000
<b>Subtract “C”</b> <i>Note: number must be same as shown in Step 3</i>	2,500,000
<b>Total</b> [“A” x 0.15] – “C”	69,323,000 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	Not applicable.
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	Nil.
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of *equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	Nil.
<b>“E”</b>	Nil.

+ See chapter 19 for defined terms.

<b>Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A</b>	
<p>"A" x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	<p>Nil.</p>
<p><b>Subtract "E"</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	<p>Nil.</p>
<p><b>Total</b> ["A" x 0.10] – "E"</p>	<p>Nil.</p> <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>

---

+ See chapter 19 for defined terms.