

Prospectus

AustChina Holdings Limited ACN 075 877 075

ASX:AUH

For an offer of 90,869,868 New Listed Options (**Offer**).

The Offer is not underwritten.

The Offer closes at 5pm AEST on 31 March 2022.

Defined terms

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary in Section 7.

Important document

This Prospectus provides important information about the Company. You should read the entire document. If you have any questions about the New Listed Options being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser.

The New Listed Options offered by this Prospectus should be considered speculative.

Important Notices

General

This Prospectus is dated 29 March 2022 and was lodged with ASIC on that date. Neither ASIC nor ASX, nor any of their officers, take any responsibility for the contents of this Prospectus.

This Prospectus expires 13 months from the date it was lodged with ASIC. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

An application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the New Listed Options the subject of this Prospectus.

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities or options to acquire continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

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

The New Listed Options to be issued pursuant to this Prospectus should be viewed as a speculative investment and investors should refer to the Section 2 for details of certain risk factors which are considered to be relevant for the purposes of the Offer.

Investors should consult their stockbroker, solicitor, accountant or other professional adviser if necessary.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus and any such information may not be relied

upon as having been authorised by the Directors.

A copy of this Prospectus can be downloaded from the Company's website at www.austchinaholdings.com. The offer constituted by an electronic version of this Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. A hard copy of this Prospectus may be obtained by contacting the Company.

A number of terms and abbreviations used in this Prospectus have defined meanings set out in Section 7.

Overseas investors

The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the applicable securities law.

This Prospectus does not, and is not intended to, constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer or issue. This Prospectus has not been, nor will it be lodged, filed or registered with any regulatory authority under the securities laws of any other country.

Risk factors

Refer to Section 2 for details of the risks associated with an investment in the Company. As with any securities investment, there are risks associated with investing in the Company. Investors should be aware that an investment in the Company involves risks that may be greater than risks associated with an investment in some other companies. The principal risks that could affect the financial and market performance of the Company are detailed in Section 2 of this Prospectus.

The New Listed Options on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, investors should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

Defined terms

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Website

No document or information included on the Company's or any third party's website is incorporated by reference into this Prospectus.

Forward-looking statements

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

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

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

Although the Company believes that the expectations reflected in the forward-looking statements included in this Prospectus are reasonable, none of the Company, its Directors or officers and management, or any person named in this Prospectus, can give, or gives, any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur or that the assumptions on which those statements are based will prove to be correct or exhaustive beyond the date of their making. Investors are cautioned not to place undue reliance on these forward-looking statements.

Except to the extent required by law, the Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

The forward-looking statements contained in this Prospectus are subject to various risk

factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. The key risk factors of investing in the Company are set out in Section 2 of this Prospectus.

This Prospectus is available electronically at www.austchinaholdings.com.

Electronic Prospectus

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. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

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. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

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.

THIS PROSPECTUS IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY.

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1. Details of the Offer

1.1 Background to the Offer

On 16 March 2022, the Company announced a capital raising by way of placement (**Placement**) of 181,739,732 Shares to sophisticated and professional investors to raise a total of \$2,544,000 (before costs) at an issue price of \$0.014. For every 2 Shares taken up under the Placement, the Company agreed to offer 1 free attaching Option (**New Option**) with an exercise price of \$0.028, expiring 16 March 2024. The Company proposes to seek Official Quotation of the 90,869,868 proposed New Options on ASX (**New Listed Options**).

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to offer those securities for sale within 12 months of their issue. The Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). However, the Company is precluded from issuing a 'cleansing' notice in respect of the New Listed Options, as they are not in a class of securities that were quoted securities at all times in the last 3 months.

Consequently, the Company is offering the New Listed Options pursuant to this Prospectus to those persons who are entitled to receive New Listed Options arising from their participation in the Placement (**Placement Participants**). This Prospectus has also been issued to facilitate secondary trading of the New Listed Options and any Shares issued upon exercise of the New Listed Options to be issued under the Offer.

The Placement was managed by GBA Capital Pty Ltd (**GBA Capital**) who received capital raising fee of 6% (plus GST) on the gross proceeds of the Placement. No additional fees are payable in relation to the Offer.

1.2 The Offer

This Prospectus invites Placement Participants to apply for a total of up to 90,869,868 New Listed Options in accordance with their entitlements under the Placement (**Offer**).

All Placement Participants will be sent a copy of this Prospectus, together with an Application Form. Only the Placement Participants can accept the Offer. Refer to Section 1.7 for details on how to apply for New Listed Options.

No funds will be raised from the New Listed Options issued in connection with the Placement, as they are free attaching to the Shares on a 1:2 basis.

The Offer is only available to those who are personally invited to accept the Offer. Accordingly, Application Forms will only be provided by the Company to these parties.

All New Listed Options offered under this Prospectus will be issued on the same terms and conditions, as set out in Section 4.3. Subject to the quotation requirements of the ASX Listing Rules, the New Listed Options issued under this Prospectus will form a new class of listed security of the Company.

All Shares issued on exercise of the New Listed Options will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 4.2 for further details regarding the rights and liabilities attaching to Shares.

1.3 Timetable and important dates

Event	Date*
Lodgment of Prospectus with ASIC and ASX	29 March 2022
Opening Date of the Offer	29 March 2022
Closing Date of the Offer	31 March 2022
Dispatch of holding statements in respect of the Offer	2 April 2022
Expected date for Quotation of the New Listed Options	3 April 2022

**The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. As such the date the New Listed Options are expected to commence trading on ASX may vary.*

1.4 Minimum subscription

There is no minimum subscription under the Offer.

1.5 Offer Period for Offer

The opening date for the Offer is 29 March 2022. The Offer will remain open until the Closing Date, which is 5.00 pm on 31 March 2022 (unless varied).

The Directors may open and close the Offer on any other date and time, without prior notice as the Directors, in their absolute discretion and subject to compliance with the Corporations Act and Listing Rules, may determine. You are encouraged to submit your Application as early as possible.

1.6 Offer not underwritten

The Offer is not underwritten.

1.7 How to accept the Offer

Only the Placement Participants will be provided a copy of this Prospectus and an Application Form in respect of the Offer. Applications for New Listed Options must be made by the Placement Participants at the direction of the Company and must be made using the Application Form.

Placement Participants may only make an application in accordance with their entitlement under the Placement.

New Listed Options issued in connection with the Placement will be issued for nil consideration and therefore the Applicants are not required to pay any funds with the Application Form in respect of the New Listed Options.

Completed Application Forms must be sent to the Company at GPO Box 762, Brisbane Qld 4000 or emailed to andrewfogg@austchinaholdings.com by no later than the Closing Date.

The Application Form does not need to be signed to be a binding acceptance of the New Listed Options under the Offer. If the Application Form is not completed correctly, it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form, is final.

If you are in doubt as to the course of action, you should consult your professional advisor(s).

1.8 ASX quotation

Application for Official Quotation of the New Listed Options offered under this Prospectus will be made to ASX within seven (7) days after the date of this Prospectus. The New Listed Options will only be admitted to Official Quotation if the quotation requirements under the ASX Listing Rules are satisfied. If the quotation requirements are not satisfied or otherwise does not grant Official Quotation of the New Listed Options, the New Listed Options will be issued as unquoted.

The fact that ASX may grant official quotation to the New Listed Options is not to be taken in any way as an indication of the merits of the Company or the New Listed Options now offered under this Prospectus.

1.9 Issue of Listed Options

The Listed Options to be issued pursuant to the Offer will be issued in accordance with the timetable set out in Section 1.3 (**Timetable**) and otherwise in accordance with the ASX Listing Rules.

Holding statements for the New Listed Options issued under the Offer will be mailed in accordance with the Timetable and otherwise in accordance with the ASX Listing Rules.

1.10 CHESS and issuer sponsorship

The Company operates an electronics CHESS sub-register and an electronic issuer sponsored sub-register. The two sub-registers together make up the Company's principal register of Securities.

Under CHESS, the Company will not issue certificates to investors. Rather, holding statements (similar to bank statements) will be dispatched to investors as soon as practicable after issue. The statements will set out the number of New Listed Options issued under the Prospectus and provide details of a Holder Identification Number (for new investors who elect to hold their securities on the Chess sub-register) or Security holder Reference Number (for new investors who elect to hold their securities on the issuer sponsored sub-register). Updated holding statements will also be sent to each new investor following the month in which the balance of their holding of Securities changes, and also as required by the Listing Rules or the Corporations Act.

1.11 Risks

Investors should be aware that the New Listed Options on offer under this Prospectus should be considered highly speculative and involves a number of risks inherent in the various business segments of the Company. Section 2 contains a non-exhaustive list of key risk factors of which investors should be aware. It is recommended that investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety, as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company, please contact your stockbroker, accountant or other independent adviser.

1.12 Overseas Applicants

No action has been taken to register or qualify the Securities, or the Offer, or otherwise to permit the offering of the Securities, in any jurisdiction outside of Australia.

The distribution of this Prospectus within jurisdictions outside of Australia may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

1.13 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the Securities of the Company.

1.14 Privacy disclosure

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry.

The Company and the Share Registry collect, hold and use that personal information to assess Applications for Securities, to provide facilities and services to Security holders and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with relevant privacy laws. If you do not provide the information required on the relevant Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about it, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.15 Enquiries

This Prospectus provides information for investors in the Company and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Questions relating to the Offer and the completion of an Application Form can be directed to the Company on 07 3229 6606 (within Australia) from 8.30 am to 5.00 pm (AEST), Monday to Friday.

2. Risk Factors

2.1 Introduction

The New Listed Options offered under this Prospectus should be considered highly speculative. Whilst the Directors recommend that Placement Participants take up their entitlement to New Listed Options, the Directors do urge Shareholders to consider the

non-exhaustive list of risk factors described below, together with information contained elsewhere in this Prospectus and in the Company's ASX announcements before deciding whether to apply for the New Listed Options.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which the New Listed Options (or the underlying Shares) will trade.

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

2.2 Company specific

(a) Future capital requirements

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Company's projects (**Projects**) are successfully explored, evaluated, developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities.

In order to successfully evaluate and develop the Projects and for production to commence, the Company will require further financing in the future. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the tenements being subject to forfeiture, and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of Securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such Shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's Existing Shareholders will be diluted.

(b) Exploration and development risk

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

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves, among other things:

- (i) discovery and proving-up, or acquiring, an economically recoverable resource or reserve;

- (ii) access to adequate capital throughout the acquisition/discovery and project development phases;
- (iii) securing and maintaining title to mineral exploration projects;
- (iv) obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and
- (v) accessing the necessary experienced operational staff, the appropriate financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that exploration on the Projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

(c) **Resource estimates**

Whilst the Company intends to undertake exploration activities with the aim of defining a resource on Projects, no assurance can be given that the exploration will result in the determination of new or additional resources on any Tenement. Even if a resource is identified, no assurance can be provided that this can be economically extracted.

If the Company successfully delineates a resource or reserve on any of the tenements (or where the Projects have defined resources), resource or reserve estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, resource estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(d) **Results of studies**

Subject to the results of exploration and testing programs to be undertaken, the Company may progressively undertake a number of studies in relation to its Projects. These studies may include scoping, pre-feasibility, definitive feasibility and bankable feasibility studies.

These studies will be completed within parameters designed to determine the economic feasibility of the subject Projects within certain limits. There can be no guarantee that any of these studies will confirm the economic viability of the subject Projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ from the results of a scoping study).

Even if a study confirms the economic viability of a Project, there can be no guarantee that the Project will be successfully brought into production as assumed or within the estimated parameters in the feasibility study (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

(e) **Rehabilitation of tenements**

In relation to the Company's proposed operations, issues could arise from time to time with respect to abandonment costs, consequential clean-up costs, environmental

concerns and other liabilities. In these instances, the Company may become subject to liability if, for example, there is environmental pollution or damage from the Company's exploration activities and there are consequential clean-up costs at a later point in time.

(f) Tenement conditions

The Company's projects will be subject to various tenement conditions (including, without limitation, minimum work requirements). Failure to comply with such conditions may lead to forfeiture. The tenements will also be subject to renewal. If any of the tenements are not renewed for any reason the Company could suffer damage through loss of opportunity to explore and develop those tenements. The Directors are not aware of any reason why renewal of the tenements will not occur.

(g) Title and tenure

The Company's Projects only currently permit exploration activities. If the Company successfully delineates an economic resource on any of these exploration permits or implements a technology aimed at extraction of resources, it will need to apply for a mining permit to undertake development and mining. There is no guarantee that the Company will be granted a mining permit if one is applied for, as such grants are discretionary.

Exploration permits are subject to annual review and periodic renewal. The renewal of the term of a granted exploration permit is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the permits comprising the Company's Projects. While it is the Company's intention to satisfy the conditions that apply to the tenements, there can be no guarantees that, in the future, the tenements that are subject to renewal will be renewed or that minimum expenditure and other conditions that apply to the tenements will be satisfied. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Projects that adversely impact the Company.

If a tenement holder fails to comply with the terms and conditions of a tenement, the Minister may impose a fine or order that the tenement be forfeited. In most cases, an order for forfeiture can only be made where the breach is of sufficient gravity to justify forfeiture of the tenement.

(h) Commodity price volatility and exchange rate risks

The value of the Company's assets and potential earnings may be affected by fluctuations in commodity prices and exchange rates.

These prices can significantly fluctuate and are exposed to numerous factors beyond the control of the Company, such as world demand for energy, forward selling by producers and production cost levels in major coal and gas producing regions. Other factors include expectations regarding inflation, the financial impact of movements in interest rates, global economic trends and domestic and international fiscal, monetary and regulatory policy settings.

At this time, the Company has not put any hedging arrangements in place, but may do so in future when the Directors consider it appropriate.

(i) Climate change regulation

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

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and aims to leverage its assets for exploitation in clean energy and limit any consequential impacts, there can be no guarantee that the Company will not be adversely impacted by these occurrences;
- (ii) certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates; and
- (iii) adverse weather events which may disrupt field work and exploration activities.

(j) **Corporate responsibility risk**

The Company's operations and activities interact with a range of community stakeholders who have an interest in the impacts of the Company's activities and require the Company to maintain a social licence to discover, develop and operate mining projects. This encompasses compliance with environmental laws and regulations, occupational health and safety laws and regulations and anti-bribery and corruption laws. It also encompasses establishment and maintenance of community relations. These give rise to a range of risks including land access, reputational risk and the risk of losing its social licence to operate. These risks have the potential to reduce access to resources, impact the Company's reputation and increase operating costs including from compliance obligations arising from changes in laws and regulations.

(k) **Native Title and Aboriginal heritage**

Where Native Title does or may exist over any of the Company's tenements, the ability of the Company to convert such tenements or part thereof into a valid mining lease (for example in the event of the Company making a discovery) will be subject to the Company reaching a commercial agreement with the holders of or applicants for Native Title or on the Company obtaining a determination from the National Native Title Tribunal that the mining lease be granted in the absence of such an agreement. The negotiation of such a commercial agreement or proceedings in the courts could materially delay the grant of such a mining lease and substantially add to the Company's costs; failure to reach such an agreement could result in the Company being unable to obtain a mining lease.

Irrespective of whether Native Title exists in the relevant areas, in order to conduct exploration activities on the tenements, the Company will usually need to undertake clearance activities in conjunction with the appropriate Aboriginal parties, anthropologists and archaeologists to ascertain whether any sites of significance to Aboriginal parties exist in the relevant areas. Undertaking and completing such site clearance procedures can cause delays to the implementation of exploration activities. Delays in completing such clearance activities can impede or prevent the Company from satisfying the minimum expenditure conditions on the relevant tenements, with the result that the Company may in some instances need to seek whole or partial exemptions from expenditure under the relevant mining legislation in order to keep the relevant tenements

in good standing. There is no certainty that such exemptions will be granted in all instances.

Where such significant sites do exist, the Company's ability to conduct exploration on those areas may be subject to obtaining relevant consents under the Aboriginal heritage laws.

(l) Failure to satisfy expenditure commitments

Each exploration permit 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 a Tenement if the permit conditions are not met or if insufficient funds are available to meet expenditure commitments.

Currently, each of the granted tenements is in good standing.

(m) Land access and compensation

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to gain access to land in Australia. Negotiations with both Native Title parties and land-owners/occupiers are generally required before the Company can access land for exploration or mining activities. The Company will experience delays and cost overruns if it is unable to access the land required for its operations. This may be as a result of weather, environmental restraints, harvesting, government legislation, landholder or community activities or other factors.

Access to land often depends on the Company being successful in negotiating with landholders or other stakeholders. There is no assurance that the Company will obtain all the permissions required as and when required or that new conditions will not be imposed in connection therewith. To the extent such permissions are not obtained, the Company's current and future exploration and development activities may be curtailed or their continuation prohibited.

(n) Force majeure

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of its Shares. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially and adversely affected if any of the events described above occur.

(o) Information systems and cyber risk

The Company is reliant on information technology systems. Despite the Company's security measures, it is possible that these systems may be breached. Unauthorised third party access to the Company's information technology systems and the resulting potential theft, loss or misuse of the Company's information could adversely impact the operations and performance of the Company and the price of its securities.

(p) Intellectual property risk

Should the Company acquire technology for use in the development of its Projects, there may be circumstances where the Company's intellectual property cannot be protected or is subject to unauthorised disclosure, infringement or challenge by a third party. The

Company may incur significant costs in asserting its rights in such circumstances. Even a registered patent can be invalidated in certain circumstances.

There can be no assurance that any technology the Company may acquire will afford Audeara a competitive advantage, commercially significant protection of the intellectual property, or that the intellectual property will have successful commercial application.

There is always a risk of third parties claiming involvement in technological discoveries. Further, competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patents disputes, for which there can be no guaranteed outcome. Some parties may be able to utilise their greater financial resources to better sustain the costs of litigation or proceedings.

(q) Loss of key personnel

The Company relies heavily on the abilities of key employees and management. The Company's performance is reliant on its ability to both retain and attract skilled individuals and to appropriately incentivise them. Although the Company expects to be able to attract and retain skilled and experienced personnel, there can be no assurance that it will be able to do so.

(r) Acquisitions and commercialisation risks

The Company is pursuing a strategy to acquire technologies that compliment its mineral projects. Should the Company acquire new technology or assets, its ability to generate revenue will depend on the Company being successful in developing and commercialising these new technologies and assets. The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the one or more of its mineral projects or investments in technologies is successfully developed and commercially exploited.

There can be no guarantee that any new project acquisition or investment will eventuate from these pursuits, or that any acquisitions will result in a return for Shareholders. Such acquisitions may result in use of the Company's cash resources and/or the issuance of equity securities, which will dilute shareholdings.

(s) Competition

There is a risk that new entrants in the market may disrupt the Company's business. Existing competitors in the energy industry, as well as new competitors entering the industry, may develop superior and more efficient technology offerings or consolidate with other entities to deliver enhanced scale benefits. Such competitive pressures may materially and adversely impact the Company's ability to conduct its business.

(t) Litigation and dispute risks

The Company may, from time to time, be the subject of complaints, litigation, inquiries or audits initiated by customers, employees, commercial partners, suppliers, landlords, Government agencies, regulators or other third parties alleging or investigating matters such as asset ownership, resource use, product quality and supply issues, injury, health, employment, environmental, safety or operational concerns, nuisance, negligence, failure to comply with applicable laws and regulations or failure to comply with contractual obligations. Any such matter, even if successfully addressed without direct adverse financial effect, could have an adverse effect on the Company's reputation and divert its financial and management resources from more beneficial uses. If the Company were found to be liable under any such claims, this could have a material adverse effect on the Company's future financial performance.

(u) **Insurance**

Insured or uninsured catastrophic events such as acts of God, fires, floods, earthquakes, widespread health emergencies, pandemics, epidemics, wars and strikes, could affect the value or the availability of the company's assets and the ability of the Company to sustain operations, provide essential products and services or recover operating costs. Should damage be sustained as a result of these risks, the Company's business and financial performance may be adversely affected. The Company intends to insure its operations in accordance with industry practice. However, it is not always possible to obtain insurance against all such risks and, where it is available, the cost may be high. The Company will have insurance in place considered appropriate for the Company's needs. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. In addition, there is a risk that an insurer defaults in the payment of a legitimate claim by the Company.

(v) **Approval risks**

The Company's projects may require further approvals from third parties before they can be developed. These are likely to include construction, environmental and Aboriginal heritage approvals. There can be no assurance that these approvals will be obtained. Obtaining the necessary permits and approvals can be a time consuming process and there is a risk that the Company will not be able to 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 or operation of a project. Any failure to comply with applicable laws and licences, could result in fines, penalties or other liabilities.

(w) **Energy policy**

The Company's aim to operate in the clean energy sector is reliant on stable policy settings by State and Federal Governments. The Australian renewable energy market is currently in its infancy stage of development. Due to the current low cost of producing electricity via traditional coal fired generation, the commercialisation of renewable energy projects relies heavily and is dependent upon obtaining Government subsidies and grants sufficient to achieve a competitive cost per watt of renewable energy produced. The government policies for Australia's renewable energy industry are uncertain. This may reduce new investment in the renewable energy industry in Australia which could reduce the number of available new business prospects for the Company. Business performance may be impacted by changes in the design and rules of the existing energy market and the uncertainty that arises from debate in relation to the energy market's future design and rules. These changes may result from orderly rules change processes or in response to political imperatives of the government or agencies of government from time to time.

(x) **Operational risks**

The Company's operational assets are subject to risks that may result in the assets failing to perform in line with expectations. For example, there is a risk that the Company's assets may be damaged or destroyed by hail, wind, flood, cyclone, hurricane, earthquake, fire, war, explosion, terrorism or some other natural or man-made disaster. These risks may impact generation, lead to failure or deterioration of equipment, adversely impact performance and business stability of the Company's suppliers and contractors, and lead to transmission system congestion, curtailment or failure of the plant, labour issues and strikes, and other operational issues.

(y) **Environmental risks**

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. The Company's activities are expected to have an impact on the environment. It is the intention of the Company to adhere to its environmental obligations, including compliance with environmental laws. Further, events such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges to the environment, or non-compliance with environmental laws or regulations.

(z) **Occupational health and safety risk**

There is a risk that an incident could lead to a fatality or serious harm to an employee, a contractor, a joint venture/third party employee or a member of the public. Employees may be exposed to hazards and risks when working on operating assets. If such an incident were to occur, this may affect the Company's reputation. The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors.

(aa) **Regulatory risks**

The Company's activities are subject to extensive laws and regulations relating to numerous matters including licences and approvals, environmental compliance and rehabilitation, taxation, health and worker safety, waste disposal, protection of the environment, native title and heritage matters and other matters. Whilst the Company believes that it is in substantial compliance with all material current laws and regulations, changes in how laws and regulations are enforced or regulatory interpretation could result in changes in legal requirements or in the terms of existing licences, approvals and agreements applicable to the Company or its future projects. This could have a material adverse impact on the Company's future and planned operations in respect to the BSS Project.

2.3 **General Risks**

(a) **Economic risks**

Changes in the general economic climate in which Company operates may adversely affect the financial performance of Company. Factors that may contribute to that general economic climate include, but are not limited to:

- (i) the level of direct and indirect competition against the Company;
- (ii) general economic conditions;
- (iii) changes in government policies, taxation and other laws;
- (iv) the strength of the equity and share markets in Australia and throughout the world;
- (v) movement in, or outlook on, exchange rates, interest rates and inflation rates;
- (vi) industrial disputes in Australia and overseas;
- (vii) changes in investor sentiment toward particular market sectors;
- (viii) financial failure or default by an entity with which the Company may become involved in a contractual relationship; and

(ix) natural disasters, social upheaval or war.

(b) **Regulatory risks**

The Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Regulatory areas which are of particular significance to the Company include environmental compliance and rehabilitation, mining, taxation, employee relations, worker health and safety, waste disposal, protection of the environment, 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. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

(c) **Share Price**

The price at which Securities are quoted on the ASX may increase or decrease due to a number of factors. There is no assurance that the price of the Shares will increase, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include fluctuations in the domestic and international market for listed stocks, general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the addition or departure of key personnel, actual or anticipated fluctuations in the Company's results and recommendations of analysts in relation to those results, fluctuations in the industry in which the Company operates and general operational and business risks.

Other factors which may negatively affect investor sentiment and influence the Company specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters.

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 mining and exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return to security holders arising from the transactions the subject of this Prospectus or otherwise.

(d) **Macro-economic risks**

Changes in the general economic outlook in Australia and globally may impact the performance of the Company and its projects. Such changes may include:

- (i) uncertainty in the Australian economy or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
- (ii) increases in expenses (including the cost of goods and services used by the Company);

- (iii) new or increased government taxes, duties or changes in taxation laws;
and
- (iv) fluctuations in equity markets in Australia and internationally.

Prolonged and significant downturn in general economic conditions may have a material adverse impact on the Company's trading and financial performance.

(e) **Coronavirus (COVID-19)**

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

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

(f) **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 Listed Options offered under this Prospectus.

Therefore, the underlying Shares 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 Listed Options pursuant to this Prospectus.

3. Purpose and effect of the Offer

3.1 Purpose of the Offer

The purposes of this Prospectus are to:

- (a) issue the New Listed Options under the Offer;
- (b) obtain Quotation of the New Listed Options;
- (c) facilitate secondary trading of the New Listed Options issued under the Offer; and
- (d) facilitate secondary trading of any Shares issued upon exercise of the New Listed Options issued under the Offer.

Section 707(3) of the Corporations Act generally requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

The Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). However, the Company is precluded from issuing a 'cleansing' notice in respect of the New Listed Options as they are not in a class of securities that were quoted securities at all times in the last 3 months.

Consequently, the Company has issued this Prospectus in respect of the Offer to the Placement Participants. Issuing the New Listed Options under this Prospectus will enable persons who are issued the New Listed Options to on-sell their New Listed Options, as well as any Shares issued on exercise of the New Listed Options pursuant to ASIC Corporations (*Sale Offers That Do Not Need Disclosure*) Instrument 2016/80.

3.2 Effect of the Offer

The principal effect of the Offer (assuming all New Listed Options offered under this Prospectus are issued) will be that 90,869,868 New Listed Options will be issued. The effect of the Offer on the capital structure of the Company is set out in Section 3.4.

3.3 Financial Effect of the Offer

No funds will be raised from the Offer. After paying expenses of the Offer of approximately \$11,206 (exclusive of GST), there will be no net proceeds from the Offer. The expenses of the Offer will be met from the Company's existing cash reserves. The effect of the Offer on the Company's financial position will be a net decrease in cash held of approximately \$11,206 (exclusive of GST).

3.4 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company (assuming all New Listed Options are issued, no other securities are issued, and no other existing Securities are exercised or converted into Shares are exercised) will be as set out below:

Shares ¹	Number
Shares on issue as at the date of this Prospectus	1,911,236,727
Total number of Shares on completion of the Offer	1,911,236,727

Note: The rights and liabilities attaching to the Shares are summarised in Section 4.2.

Options	Number
Options on issue as at the date of this Prospectus	128,857,505
New Listed Options to be issued pursuant to the Offer	90,869,868
Total Options on issue on completion of the Offer	219,727,372

Notes:

1. 70,000,000 were granted 20 November 2020, expiring 125 December 2023, with an exercise price \$0.005. The balance of 58,857,505 were issued on 5 August 2021, expiring 4 August 2023, with an exercise price of \$0.012.
2. On 16 March 2022, the Company announced a placement to raise \$2,544,000 through the issue of 181,739,732 Shares to Placement Participants, together with 1 free attaching New Listed Options for every 2 Shares subscribed for under the Placement (a total of 90,869,868 New Listed Options). Shares were issued on 24 March 2022 and the Company intends to issue and apply for quotation of the free attaching New Listed Options prior to the Closing Date.
3. The full terms and condition of the New Listed Options are set out in Section 4.3.

Convertible Note	Number
Convertible Note - Treasure Wheel Global Limited	1
Total Options on issue on completion of the Offer	1

Notes:

1. Issued on 30 November 2016 to Treasure Wheel Global Limited. The note matures on 11 May 2022. Refer to the Company's half year accounts lodged with ASX on 16 March 2022 for more information.

3.5 Effect on control on the Company

The Offer will not have a material impact on the control (as defined by section 50AA of the Corporations Act) of the Company.

3.6 Substantial Shareholders as at the date of this Prospectus

Shareholders (and their associates) holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are set out in the table below.

Shareholder Name	Number of Shares	% at Prospectus Date
Treasure Wheel Global Limited*	855,555,438	47.00%
Mr Peter Andrew Proska	183,000,000	10.05%
Kam's Brother Holdings Limited	128,093,700	7.04%

Note: *held through a nominee

The Offer will have no effect on the quantity of Shares held by these substantial shareholders as only New Listed Options are being issued.

4. Rights attaching to the Company's Shares and New Listed Options

4.1 Terms and conditions of Shares

All Shares issued on exercise of the New Listed Options will rank *pari passu* in all respects with the Company's existing ordinary fully paid shares. The Company will apply for Official ASX Quotation of all Shares issued upon exercise of New Listed Options.

4.2 Rights and liabilities attaching to Shares

(a) General

The rights attaching to ownership of Shares are:

- detailed in the Company's Constitution; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

A summary of the more significant rights attaching to Shares being the underlying securities of the New Listed Options to be issued pursuant to the this Prospectus is set out below. The 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.

(a) **General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Personal representatives of a Shareholder must satisfy the Board at least 48 hours before the meeting of their right to attend to represent a Shareholder.

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

(b) **Voting Rights**

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

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative 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
- (ii) 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 her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares will have a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).
- (iii) Directors may approve methods for electronic voting and direct voting at general meetings.

(c) **Dividend Rights**

Subject to and in accordance with the Corporations Act, the Listing Rules, the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend (currently, there are none), the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which will be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

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

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

to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, 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 or she 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 the Company, 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.

(e) **Shareholder liability**

As the Shares offered under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable to forfeiture.

(f) **Transfer of Shares**

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

(g) **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.

(h) **Variation of rights**

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

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

(i) **Listing Rules**

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it

does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

Pursuant to the Listing Rules, the Company is authorised in certain circumstances to restrict dealings in securities to the extent required by the Listing Rules.

4.3 Terms and conditions of New Listed Options

The terms and conditions of the New Listed Options are as follows:

- (a) **Entitlement**
Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Exercise Price**
The amount payable upon exercise of each Option is \$0.028 (**Exercise Price**).
- (c) **Expiry Date**
Each Option will expire at 5:00 pm (AEST) on 16 March 2024 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Exercise Period**
The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise**
The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **Exercise Date**
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) **Timing of issue of Shares on exercise**
Following the Exercise Date and within the time period specified by the ASX Listing Rules, the Company will:
 - (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

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

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

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Transferability**

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

5. Additional Information

5.1 Company Update

Details of the Company's current activities are set out in the announcements made by the Company to the ASX and are available from the ASX, or the Company's website at www.austchinaholdings.com.

5.2 Nature of this Prospectus

The New Listed Options to be issued pursuant to this Prospectus are options over continuously quoted securities. This Prospectus is issued under the special prospectus content rules for continuously quoted securities in Section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Offer on the Company; and
- (b) the rights and liabilities attaching to the New Listed Options offered pursuant to this Prospectus and the underlying securities.

The 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 also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company.

5.3 Continuous Reporting and Disclosure Obligations

As the Company is admitted to the official list of ASX, the Company is a “disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to securities being issued under the Offer. To do so, please refer to the Company’s ASX announcements platform via www.asx.com.au.

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a “transaction-specific” prospectus in respect of the Offer.

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

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of 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 of the Company for the financial year ended 30 June 2021;

- (ii) any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC; and
- (iii) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules that investors or their professional advisers:

- (a) would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the securities the subject of this Prospectus; and
- (b) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offer. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with ASX in respect of the Company since the Company lodged its annual financial report for the financial year ended 30 June 2021 on 13 September 2021.

Date	Title
18/03/2022	Section 708A Notice
18/03/2022	Application for quotation of securities - AUH
16/03/2022	Proposed issue of securities - AUH
16/03/2022	Successful Completion of Placement Offer
16/03/2022	Half Yearly Report and Accounts
14/03/2022	Trading Halt
09/03/2022	Section 708A Notice
04/03/2022	Change in substantial holding
04/03/2022	Application for quotation of securities - AUH
25/02/2022	Section 708A Notice
25/02/2022	Application for quotation of securities - AUH

04/02/2022	Change in substantial holding
28/01/2022	Quarterly Activities/Appendix 5B Cash Flow Report
27/01/2022	Change in substantial holding
13/01/2022	Extension of Due Diligence Period - Solid Fuels to Energy
04/01/2022	Change in substantial holding
09/12/2021	Becoming a substantial holder
30/11/2021	Results of Meeting
30/11/2021	Chairman's Address to the AGM
26/11/2021	Convertible Note Liability Extension of Maturity Date
29/10/2021	Notice of Annual General Meeting/Proxy Form
29/10/2021	Quarterly Activities/Appendix 5B Cash Flow Report
15/10/2021	MOU to Investigate Technology- Convert Solid Fuels to Energy
13/09/2021	Appendix 4G

5.4 Market Price of Shares

The highest and lowest closing prices of Shares on the ASX during the 3 months preceding the date of this Prospectus are set out in the table below. The closing price on the trading day before the date of this Prospectus was \$0.12.

	Price (\$)	Date
Highest	\$0.018	23/03/2022
Lowest	\$0.007	29/12/2021

5.5 Litigation

The Company is not involved in any litigation that is material for the purposes of this Prospectus and the Directors are not aware of any circumstances that might reasonably be expected to give rise to such litigation.

5.6 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;

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

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director:

- (a) to induce him to become, or to qualify him as, a Director; or
- (b) for services rendered by him in connection with the formation or promotion of the Company or the Offer.

Remuneration

The remuneration (including superannuation) paid to the Directors for the two financial years prior to the date of this Prospectus, and proposed to be paid to the Directors for the current financial year (on an annualised basis inclusive of statutory superannuation), is set out below:

Director	FY 2020	FY 2021	FY 2022
Daniel Chan	\$24,000	\$24,000	\$24,000
George Lam	\$16,000	\$16,000	\$16,000
Andrew Macintosh	\$17,520	\$17,520	\$17,520
David Morris ¹	\$17,520	\$17,520	\$17,520
Bernard Ripoll ²	-	\$17,520	\$17,520

Notes:

1. Appointed as Director on 24 November 2020.
2. Appointed as Director on 10 March 2021.

Further information relating to the remuneration of Directors can be found in the Company's annual financial report for the financial year ended 30 June 2021, which was announced to ASX on 13 September 2021.

Securities

The securities in which the Directors and their associates have or are proposed to have relevant interests in at the date of this Prospectus are set out below.

Director	Shares	Options	Other
Daniel Chan*	855,555,438	20,000,000	-
George Lam	-	20,000,000	-
Andrew Macintosh	-	20,000,000	-
David Morris ¹	-	-	-

Bernard Ripoll ²	-	-	-
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Note: *Held through nominee

There are no related party transactions entered into that have not otherwise been disclosed in this Prospectus or to the market.

5.7 Interests and Consents of Advisers

Other than as set out below or elsewhere in this Prospectus, no underwriter, promoter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus holds, or has held within two years before lodgement of this Prospectus with ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any underwriter, promoter or any other 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, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Pursuant to Section 716 of the Corporations Act, Colin Biggers & Paisley Lawyers (**CBP**) has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. CBP has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name. CBP has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay CBP approximately \$8,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, CBP Legal has received fees of \$25,760 (including GST) in respect of general legal services provided to the Company.

5.8 Estimated Expenses of the Offer

The estimated expenses of the Offer (excluding GST) are as follows:

Item	Amount (\$) (ex GST)
ASIC fees	\$3,206
Legal fees	\$8,000
Total	\$11,206

5.9 Electronic Prospectus

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus, 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. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

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 Prospectus or any of those documents were incomplete or altered.

6. Directors' Consent

This Prospectus is dated 29 March 2022 and is issued by AustChina Holdings Limited.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of the Company has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of AustChina Holdings Limited:



Chairman

7. Glossary

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

Term	Meaning
A\$ or \$	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time.
Applicant	an investor who applies for New Listed Options pursuant to the Offer.
Application	a valid application made on an Application Form to subscribe for New Listed Options pursuant to this Prospectus.
Application Form	an application form attached to or accompanying this Prospectus.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by it (as the case requires).
Board	the board of directors of the Company.
CHESS	the Clearing House Electronic Sub-register System operated by ASX Settlement.
Closing Date	5.00pm AEST on 31 March 2022.
Company	AustChina Holdings Limited ACN 075 877 075.
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Existing Shareholders	persons holding Shares as at the date of this Prospectus.
Director	a director of the Company.
GBA Capital	GBA Capital Pty Ltd.
Group	depending on context, the Company and/or its subsidiaries.
GST	goods and service tax levied in Australia pursuant to A New Tax System (Goods and Services Tax) Act 1999 (Cth).
Listed Options or New Listed Options	an Option with the terms and conditions set out in Section 4.3.
Listing Rules	the official listing rules of ASX.
Offer	the offer of New Listed Options pursuant to this Prospectus.
Official List	the official list of the ASX.

Term	Meaning
Opening Date	29 March 2022.
Option	an option to subscribe for a Share.
Placement	the Company's placement announced to ASX on 16 March 2022.
Placement Participants	persons who participated in the Placement.
Projects	the following Queensland permits for coal exploration: EPC 1719 and 1993.
Quotation and Official Quotation	official quotation on ASX.
Securities	any securities, including Shares and Options issued or granted by the Company.
Share	a fully paid ordinary share in the Company.
Shareholder	a registered holder of Shares in the Company.
Share Registry	Link Market Services Limited.

8. Corporate Directory

Company

AustChina Holdings Limited ACN 075 877 075

Directors

Daniel Chan (Chairman)
George Lam (Deputy Chairman)
Andrew Macintosh
David Morris
Bernard Ripoll

Company Secretary

Suzanne Yeates

Auditor*

Nexia Australia
Level 28, 10 Eagle Street
Brisbane QLD 4000

ASX Code

AUH

Registered Office and Company Contact Details

Level 16, 344 Queen Street Brisbane QLD 4000 (07) 3229 6606

Legal Advisers

Colin Biggers & Paisley Lawyers
Level 35, 1 Eagle Street
Brisbane QLD 4000

Share Registry*

Link Market Services
Level 19, 324 Queen Street
Brisbane QLD 4000
Tel: (02) 8280 7454

* These parties are included for information purposes only. They have not been involved in the preparation of this Prospectus.