

TANDO RESOURCES LIMITED
ACN 618 307 887

ENTITLEMENT ISSUE PROSPECTUS

For an entitlement issue of one (1) Option (**Option**) for every four (4) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Share to raise up to \$76,250 (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 Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. This document may not be distributed in the United States.

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

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1. **CORPORATE DIRECTORY**

Directors

William Oliver
Managing Director

Patrick Burke
Non-Executive Director

Jeremy King
Non-Executive Chair

Company Secretary

Sarah Smith

ASX Code

TNO

Share Registry*

Automic
Level 2, 267 St Georges Terrace
Perth WA 6000

Solicitors

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

Registered Office

Suite 2, Level 1
1 Altona St
West Perth WA 6005

Email: contact@tandoresources.com.au
Website: www.tandoresources.com.au

Lead Manager

Xcel Capital Pty Ltd
Suite 2, Level 1
1 Altona St
West Perth WA 6005

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

2. TIMETABLE

Lodgement of Prospectus with the ASIC	Monday, 13 November 2017
Lodgement of Prospectus & Appendix 3B with ASX	Tuesday, 14 November 2017
Notice sent to Shareholders	Wednesday, 15 November 2017
Ex date	Thursday, 16 November 2017
Record Date for determining Entitlements	Friday, 17 November 2017
Prospectus despatched to Shareholders & Company announces despatch has been completed	Wednesday, 22 November 2017
Last day to extend the Offer	Tuesday, 28 November 2017
Closing Date*	Friday, 1 December 2017
Securities quoted on a deferred settlement basis	Monday, 4 December 2017
ASX notified of under subscriptions	Wednesday, 6 December 2017
Despatch of holding statements	Friday, 8 December 2017
Quotation of Options issued under the Offer*	Monday, 11 December 2017

* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Options are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

3.1 Introduction

This Prospectus is dated 13 November 2017 and was lodged with the ASIC on that date. The ASIC, the ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Options 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 Options the subject of this Prospectus should be considered highly speculative.

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

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

3.2 Risk factors

Potential investors should be aware that the grant and any exercise of Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 4 of the August 2017 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 Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers in relation to the issue of Options pursuant to this Prospectus.

3.3 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 4 of the August 2017 Prospectus.

4. COMPANY UPDATE

4.1 Quartz Bore

In preparation for its maiden drill programme, the Company is currently completing a heritage survey at the Quartz Bore Project (E47/3352) with the Ngarluma Aboriginal Corporation, representatives of the Native Title Claimant Group.

It is anticipated that drilling will commence by the end of November. DDH1 Drilling Pty Ltd have been engaged to carry out the drilling and an Exploration Programme of Works has been approved by the Department of Mines, Industry Regulation and Safety.

Downhole geophysical surveys will be completed on all holes with the aim of detecting extensions to mineralisation via the DHMMR and DHEM methods. These methods have been successfully employed by the Company's consultants Southern Geoscience at the adjacent Salt Creek Deposit, owned by Venturex Resources Limited.

4.2 Mt Sydney

The Mt Sydney Project (E47/4939) lies immediately south of the Braeside Project currently being investigated by Rumble Resources Limited (ACN 148 214 260) (**Rumble**). The Braeside Project is centred on the historical Ragged Hills Mining centre, at which mineralisation is now interpreted as associated with sub-volcanic rhyolite porphyries. The deposit model at Braeside highlights regional scale NW-SE structures as a key target for Volcanogenic Massive Sulphide (**VMS**) mineralisation.

On 4 September 2017, Rumble announced the results of an airborne EM survey using the VTEMmax system which detected a substantial number of early and late-time conductors associated with the structures mentioned above. On 16 October 2017, Rumble announced the presence of high grade zinc, lead and copper results from grab sampling over the conductors detected in the VTEMmax survey and other geochemical anomalies within their tenements. Significantly, Rumble have not yet announced the presence of "false positives" such as graphitic shales and are currently completing a ground EM survey at the Braeside Project with drilling planned for later in 2017.

The same structures and lithologies which host mineralisation at the Braeside Project extend into the Company's Mt Sydney Project. As a result, the Company has engaged Geotech Airborne to fly a VTEMmax survey over the Mt Sydney Project. This survey is anticipated to commence by the end of November with results likely to be received in early December.

The Company's tenement application has progressed into the Native Title advertising stage with access agreements being negotiated to remove objections lodged under the Mining Act.

4.3 Mt Vernon

The tenement which comprises the Mt Vernon Project (E52/3560) was granted on 24 August 2017. Review of historical exploration is already underway including a number of historical geochemical and geophysical surveys including drainage, soil and rock sampling; radiometric, gravity and IP surveys; and RC and diamond drilling.

Previous exploration in the area of the Mt Vernon Project was completed by Westfield Minerals, Aberfoyle Resources, BHP Minerals, CRA Exploration, Rio Tinto Exploration, Geotech International, Independence Group and Pioneer Resources.

4.4 Prospectivity for Conglomerate-hosted Gold and other gold potential

Recent activity in the Pilbara region has focussed on conglomerate-hosted gold mineralisation as well as other gold mineralisation.

While the Company's focus is on its advanced and prospective zinc targets, it is worth noting that the Company's tenements are within, or adjacent, to areas of interest for gold mineralisation:

- (a) The Mt Sydney tenement is underlain by the base of the Fortescue Group, including the Hardey Formation within which a number of conglomerate units have been mapped.
- (b) The Quartz Bore Project is adjacent to Venturex's Loudens Patch Prospect and proximate to recent discoveries by De Grey Mining and DGO Gold.

Identification of prospective lithologies on the Company's tenements, or of potential gold occurrences, is complicated by the presence of recent cover.

The Company will actively investigate a number of areas of interest on its tenure as fieldwork commences in each area. In addition, the Company will take advantage of any new opportunities that it identifies in its review.

4.5 Additional Risk Factor

Due to the Company's exposure to potential gold mineralisation, the following additional risk factor is material to an investment in the Company (in addition to those referred to in Section 7.3(e)):

(a) **Gold**

If the Company is successful in identifying gold mineralisation within its projects, changes in the market price of gold, which in the past have fluctuated widely, will affect the profitability of the Company's operations and its financial condition. The Company's revenues, profitability and viability may then depend on the market price of gold produced from the Company's mines. The market price of gold is set in the world market and is affected by numerous industry factors beyond the Company's control including the demand for precious metals, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for jewellery and industrial products containing metals, gold production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and procedures of gold and other metals in response to any of the above factors, and global and regional political and economic factors.

A decline in the market price of gold below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Company's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to

finance the exploration and development of its existing and future mineral projects. A decline in the market price of gold may also require the Company to write-down its material reserves which would have a material adverse effect on the value of the Company's securities. Further, if revenue from gold sales declines, the Company may experience liquidity difficulties. The Company will also have to assess the economic impact of any sustained lower gold prices on recoverability and therefore, on cut-off grades and the level of its mineral reserves and resources.

5. DETAILS OF THE OFFER

5.1 The Offer

The Offer is being made as an issue of one (1) Option for every four (4) Shares held by Shareholders registered at the Record Date, at an issue price of \$0.01 per Option. 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, approximately 7,625,001 Options will be issued at an issue price of \$0.01 per Share to raise up to \$76,250 pursuant to this Offer.

All of the Options offered under this Prospectus will be issued on the terms and conditions set out in Section 8.1 of this Prospectus.

All of the Shares issued upon the future exercise of the Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 8.3 for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the Offer are set out in Section 6.1 of this Prospectus.

5.2 Minimum subscription

There is no minimum subscription.

5.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Options 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 Option); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

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 "Tando Resources Limited – Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 4:00 pm WST 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 4:00 pm (WST) 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 Underwriting

The Offer is not underwritten.

5.7 Lead manager

Xcel Capital Pty Ltd (**Lead Manager**) has been appointed as Lead Manager to the Offer. The Company has appointed the Lead Manager to place any shortfall of Options offered to Shareholders. In consideration for its appointment, the Lead Manager (or its nominees) will receive:

- (a) a management fee of \$25,000; and
- (b) 4,500,000 Options on the same terms as offered to Shareholders under the Offer, including an issue price of \$0.01 per Option.

5.8 Effect on control of the Company

In addition, Shareholders should note that if they do not participate in the Offer, their holdings, upon the future exercise of the Options, are likely to be diluted by approximately 20% (as compared to their holdings and number of Shares on

issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	32.79%	2,500,000	10,000,000	26.23%
Shareholder 2	5,000,000	16.39%	1,250,000	5,000,000	13.11%
Shareholder 3	1,500,000	4.92%	375,000	1,500,000	3.93%
Shareholder 4	400,000	1.31%	100,000	400,000	1.05%
Shareholder 5	50,000	0.16%	12,500	50,000	0.13%
Total	30,500,001		7,625,001		38,125,002

Notes:

1. This table assumes that all Options are exercised.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

5.9 Shortfall Offer

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

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Option to be issued under the Shortfall Offer shall be \$0.01 being the price at which Options have been offered under the Offer.

The Directors reserve the right to issue Shortfall Options at their absolute discretion. Accordingly, do not apply for Shortfall Options unless instructed to do so by the Directors.

5.10 ASX listing

In the event that the Company receives sufficient applications to meet the requirements for quotation of a second class of securities under the ASX Listing Rules, application for Official Quotation of the Options 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 Options 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 Options and will repay all application monies for the Options within the time prescribed under the Corporations Act, without interest.

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

5.11 Issue

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

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

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

5.12 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 Options 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 Options will not be issued to Shareholders with a registered address which is outside Australia and New Zealand.

5.13 Enquiries

Any questions concerning the Offer should be directed to the Company's Share Registry on 1300 288 664 (within Australia) +61 (0)2 9698 5414 (outside Australia) or email hello@automic.com.au

6. PURPOSE AND EFFECT OF THE OFFER

6.1 Purpose of the Offer

The purpose of the Offer is to reward seed and initial public offer investors for their loyalty, having committed their capital at or before the Company's initial public offer. The Offer will also serve to help maintain Shareholder loyalty and Share ownership for any Shareholders who have purchased Shares since the Company's Shares commenced quotation on ASX. In addition, the Offer will raise up to \$76,250 (less costs of the Offer) and provide future exploration funds for the Company's prospects.

6.2 Effect of the Offer

The principal effect of the Offer, assuming all Options offered under the Prospectus are issued, will be to:

- (a) increase the number of Options on issue from nil as at the date of this Prospectus to 7,625,001 Options; and
- (b) the Company will receive \$0.25 for each Option exercised and raise additional funds of approximately \$1,906,250. The likelihood of the Company raising the additional capital through the exercise of the Options is dependent on the price of the Shares from time to time until the Options expire.

6.3 Effect on Balance Sheet

The Options to be issued pursuant to this Prospectus will be issued for \$0.01 consideration. The issue of the Options pursuant to this Prospectus will not have a material impact on the Company's current financial position other than to raise \$76,250, less costs of the Offer.

6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Options offered under the Prospectus are issued, is set out below.

Shares

	Number
Shares currently on issue	30,500,001
Shares offered pursuant to the Offer	Nil
Total Shares on issue after completion of the Offer	30,500,001

Options

	Number
Options currently on issue	Nil
Director Options to be issued ¹	5,000,000
Options to be issued to the Lead Manager (or its nominees) ²	4,500,000
Options offered pursuant to the Offer ²	7,625,001
Total Options on issue after completion of the Offer	17,125,001

Notes:

1. The terms and conditions of the Director Options are summarised in Section 8.2. Issue of the Director Options is subject to Shareholder approval at the Company's annual general meeting to be held on 30 November 2017 (**AGM**). At the AGM, the Company is seeking Shareholder approval for the issue of:
 - (a) 2,000,000 Director Options to William Oliver;
 - (b) 1,500,000 Director Options to Jeremy King; and
 - (c) 1,500,000 Director Options to Patrick Burke.If issued, the Director Options will be escrowed for a period of 24 months from the date of quotation of the Company's Shares.
2. The terms and conditions of the Options to be issued under the Offer and to the Lead Manager or its nominees (refer to Section 5.7 for details of the fees payable to the Lead Manager) are set out in Section 8.1.

The capital structure on a fully diluted basis as at the date of this Prospectus is 30,500,001 Shares and on completion of the Offer (assuming all Entitlements are accepted, the Director Options are issued to the Directors and the Options are issued to the Lead Manager or its nominees) would be 47,625,002 Shares.

6.5 Details of substantial holders

Based on publicly available information as at 13 November 2017 and a review of the Company's share register, there are currently no Shareholders which (together with their associates) have a relevant interest in 5% or more of the Shares on issue.

7. INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

7.1 August 2017 Prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. Rather, the Prospectus incorporates, by reference, information contained in the August 2017 Prospectus and pursuant to which 22,500,000 million Shares were issued.

7.2 Included Information

The August 2017 Prospectus contains all information that Shareholders require in relation to the Offer and the August 2017 Prospectus in its entirety is deemed to be incorporated in this Prospectus. The material provisions of the August 2017 Prospectus are summarised below in Section 7.3 and will primarily be of interest to Shareholders and their professional advisers or analysts.

The August 2017 Prospectus will be made generally available during the Application Period by being posted on the Company's website (www.tandoresources.com.au). In addition, the Company will make a copy of the August 2017 Prospectus available to Shareholders free of charge if so requested.

7.3 Summary of Information Deemed to be Incorporated

In accordance with section 712 of the Corporations Act, set out below is a summary of the information contained in the August 2017 Prospectus that is deemed to be incorporated in this Prospectus. The headings and page numbers referred to below are references to the August 2017 Prospectus.

- (a) **Managing Director's Letter (page 4):** A summary of the corporate strategy and exploration business of the Company.
- (b) **Investment Overview (pages 6-13):** An overview of the Company, its Directors, its property portfolio and prospects.
- (c) **Company and Project Overview (pages 19-23):** This section provides an overview and discussion of the Company's property portfolio and proposed exploration program for the Company's Quartz Bore Project, located within the West Pilbara province, 80 kilometers east of Roebourne in Western Australia. In addition, it contains an indicative budget for the Company for years 1 and 2.
- (d) **Directors and Key Personnel (pages 23-24):** This section provides profiles of the Board of Directors.
- (e) **Risk Factors (Pages 26-36):** This section lists a number of risks that may have a material effect on the financial position and performance of the Company and the value of its securities, as well as the Company's exploration and development activities and an ability to fund those activities. Risks include those relating to the Quartz Bore Project being held on trust, limited history, restricted securities reducing liquidity, grant of applications, exploration risk, exploration cost, operating and development risks, zinc base metals price volatility, exchange rates, copper price volatility, resource reserves and exploration targets, failure to satisfy expenditure commitments, mine development, equipment

and availability, exploration and mining titles, environmental health and safety risks, native title and aboriginal heritage, economic risk, competition risks, risk of no market, market conditions, taxation risks, requirement for capital, key management, agents and contractors, force majeure, government policy changes, litigation risks, insurance, regulatory risks and the speculative nature of the investment.

- (f) **Independent Geologist's Report (pages 37-83):** Written by FRM Geological Services the report provides detail of the geology, exploration history, exploration potential and the proposed exploration program and budget for the Company's tenement.
- (g) **Investigating Accountant's Report (pages 84-99):** Prepared by RSM Corporate Australia Pty Ltd the report dated 21 August 2017 contained historical and pro-forma financial information for the purposes of the offer of Shares under the August 2017 Prospectus.
- (h) **Solicitor's Report on Tenements (pages 100-131):** Prepared by Steinepreis Paganin, the report details the Company's interests in the exploration tenements and assets described in the August 2017 Prospectus. Among other things, the report details the Company's interests in the tenements, the status of the tenements and all native title claims relevant to them.
- (i) **Material Contracts (pages 139-143):** This section summarises the agreements which may have a material effect on the business of the Company.
- (j) **Additional Information (pages 144-152):** Provides a range of information for investors that was required to be disclosed in the August 2017 Prospectus, including:
 - (i) Details of the Employee Incentive Option Plan;
 - (ii) Rights attaching to Shares;
 - (iii) Interests of Directors;
 - (iv) Interests and consents of Experts, Advisors and other persons named in the August 2017 Prospectus; and
 - (v) Expenses of the Offer.

8. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

8.1 Option terms and conditions

The following are the terms and conditions of the Options:

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (h), the amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date which is two (2) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

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.

(e) **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**).

(f) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

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

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (f)(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.

(g) **Shares issued on exercise**

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

(h) **Reconstruction of capital**

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

(i) **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.

(j) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(k) **Transferability**

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

8.2 **Rights attaching to Director Options**

A summary of the terms and conditions of the Director Options is set out below:

(a) **Entitlement**

Each Director Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon exercise of the Director Option.

(b) **Exercise Price**

Subject to paragraph 8.2(k), the amount payable upon exercise of each Director Option (**Exercise Price**) will be \$0.25.

(c) **Expiry Date**

Each Director Option will expire at 5:00 pm (WST) on the date which is 3 years from the date of issue (**Expiry Date**). A Director Option not exercised before their respective Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

Subject to paragraph (g)(ii), the Director Options are exercisable at any time after the Vesting Date until the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Director Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Director Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Director 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 Director Option being exercised in cleared funds (**Exercise Date**).

(g) **Vesting Conditions**

- (i) The Director Options will not vest, and will not be exercisable, until 12 months from the date of issue of the Director Options (**Vesting Date**).
- (ii) In the event that the relevant Director's engagement with the Company is terminated prior to the Vesting Date, any unvested Director Options will immediately lapse and have no further force or effect and accordingly, will not be exercisable.

(h) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Director 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 Director Options.

If a notice delivered under 8.2(h)(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.

(i) **Shares issued on exercise**

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

(j) **Quotation of Shares issued on exercise**

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Director Options.

(k) **Reconstruction of capital**

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

(l) **Participation in new issues**

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

(m) **Change in exercise price**

A Director Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Director Option can be exercised.

(n) **Unquoted**

The Company will not apply for quotation of the Director Options on ASX.

(o) **Transferability**

The Director Options are only transferable:

- (i) with the consent of the board; or
- (ii) by force of law upon death to the holder's legal personal representative or upon bankruptcy to the holder's trustee in bankruptcy.

8.3 Rights attaching to Shares

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

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

(a) General meetings

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

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

(b) Voting rights

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

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of

the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

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

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution 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 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, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

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

(f) **Transfer of Shares**

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

(g) **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.

(h) **Alteration of Constitution**

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.

9. ADDITIONAL INFORMATION

9.1 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. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$129,177.97 (excluding GST and disbursements) for legal services provided to the Company.

Xcel Capital Pty Ltd (or its nominees) will be paid a management fee of approximately \$25,000 in respect of this offer together with 4,500,000 Options. During the 24 months preceding lodgement of this Prospectus with the ASIC, Xcel Capital Pty Ltd has been paid fees totalling \$390,691.55 by the Company.

9.2 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; and

Xcel Capital Pty Ltd has given its written consent to being named as Lead Manager to the Company in this Prospectus. Xcel Capital Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

9.3 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Company's Directors are not aware of any legal proceedings pending or threatened against Company.

9.4 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company's Share Registry on 1300 288 664 (within Australia) +61 (0)2 9698 5414 (outside Australia) or email hello@automic.com.au and they 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.tandoresources.com.au.

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

9.5 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.

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

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

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

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

9.7 Privacy Act

If you complete an application for Options, 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 Options, the Company may not be able to accept or process your application.

10. DIRECTOS' 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.



William Oliver
Managing Director
For and on behalf of
Tando Resources Limited

11. **GLOSSARY**

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

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 CHES.

August 2017 Prospectus means the disclosure document lodged by the Company with ASIC on 21 August 2017 for the offer of up to 22,500,00 Shares at an issue price of 20 cents per Share.

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 Tando Resources Limited (ACN 618 307 887).

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

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

Director Option means an option to acquire a Share, on the terms and conditions set out in Section 8.2.

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

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

Lead Manager or **Xcel Capital** means Xcel Capital Pty Ltd (ACN 617 047 319).

Offer means the non-renounceable offer, the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share, on the terms and conditions set out in Section 8.1 of this Prospectus.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Quartz Bore Project means E47/3352 which contains the Balla Balla, Balla Balla East and Balla Balla West prospects as described at section 3.2 of the August 2017 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.

Settlement means settlement of the Acquisition.

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

Shareholder means a holder of a Share.

Tenement means the mining tenement in which the Company has an interest as set out at section 3.2 of the August 2017 Prospectus and further described in the Solicitor's Report on Tenements set out in section 7 of the August 2017 Prospectus.

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