

Company Announcements Office
ASX Compliance Pty Limited
20 Bridge Street,
Sydney, NSW 2000

17 September 2021

SECTION 708A CLEANSING NOTICE AND APPENDIX 3G

This notice is given by EQ Resources Limited (**EQR** or the **Company**) under section 708A(12C)(e) of the Corporations Act 2001 (Cth) (Corporations Act) as amended by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82.

The Company hereby confirms that:

- (a) the convertible notes described below will be issued without disclosure to an investor under Part 6D.2 of the Corporations Act; and
- (b) this Cleansing Notice has been given in accordance with section 708A(12c)(e) of the Corporations Act.

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (**Shares**) issued on the conversion of the convertible notes issued by the Company on the terms described below (**Convertible Notes**), to be on-sold to retail investors without further disclosure.

1. BACKGROUND

1.1 Convertible Note Term Sheet

As announced on 13 September 2021, the Company secured an aggregate of \$6,000,000 in funding from professional and sophisticated investors (**Subscribers**), each entered into on or around 7 September 2021 (**Terms Sheet** or **Terms Sheets**).

The material terms of the Convertible Notes are as follows:

- (a) **Face Value:** Each Convertible Note will have a face value of \$1.00.
- (b) **Interest:** 7% per annum, calculated monthly and payable annually in arrears/accruing daily from the date that is five business days following the date of execution of the respective Terms Sheet (**Subscription Date**) and computed on a daily basis on a year of 365 days.
- (c) **Conversion Price:** Each Convertible Note will be convertible into Shares at a fixed conversion price of \$0.065 per Share (the **Conversion Price**).

(d) **Redemption:**

- (i) The Company will be required to redeem the Convertible Notes for their Face Value (plus any unpaid interest) on the Repayment Date unless the Convertible Notes are redeemed or converted into Shares prior to the Repayment Date.
- (ii) The Company will also be required to redeem the Convertible Notes for their Face Value (plus any unpaid interest) within 10 business days of a demand by a Subscriber on the occurrence of an Event of Default which has not been remedied within the prescribed time.

A summary of the terms and conditions of the Convertible Notes and the Terms Sheet are further set out in section 4 of this Cleansing Notice.

2. CONTENTS OF THIS CLEANSING NOTICE

This Cleansing Notice sets out the following:

- (a) in relation to the Convertible Notes:
 - (i) the effect of the issue on the Company;
 - (ii) a summary of the rights and liabilities attaching to the Convertible Notes; and
 - (iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Convertible Notes; and
- (b) any information that:
 - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and
 - (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the Shares; and
 - (iii) other information relating to the Company's status as a disclosing entity.

3. THE EFFECT OF THE ISSUE ON THE COMPANY

3.1 Effect of the issue on the Company

The principal effect of the issue of the Convertible Notes on the Company will be:

- (a) the satisfaction of the Company's obligations under the Convertible Notes;
- (b) an increase the number of unquoted Convertible Notes on issue from nil to 6,000,000;
- (c) the Company having a liability for the aggregate amount of the Face Value of the Convertible Notes issued under the Terms Sheet; and

- (d) if the Convertible Notes are converted at the lowest possible Conversion Price (being \$0.065), a maximum increase in the number of Shares on issue from 1,313,354,631 to 1,405,662,324.

3.2 Pro Forma Consolidated Statement of Financial Position taking into Account the Issue of the Convertible Notes

- (a) Set out in Annexure A is a pro forma consolidated Statement of Financial Position for the Company and its controlled entities ("consolidated entity") based on the reviewed financial statements of the consolidated entity as at 31 December 2020 adjusted to reflect the proposed Convertible Notes issue and has been prepared on the basis of the accounting policies normally adopted by the Company.
- (b) The pro forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. The pro forma financial information is not audited. The classification of the allocations between debt and equity for the Convertible Notes may change in the future.

3.3 POTENTIAL EFFECT ON CAPITAL STRUCTURE

- (a) As at the date of this Cleansing Notice, the total number of issued Shares is 1,313,354,631;
- (b) The capital structure of the Company will be affected by both the conversion of Convertible Notes by the Noteholder and the satisfaction of the Arranger Fee by the issue of Options which will each result in additional Shares being issued.
- (c) Subject to limits on the conversion under the Terms Sheet, the Convertible Notes can be at any time after the date of the Terms Sheet and prior to the Repayment Date, at the election of the Subscriber by written notice to the Company (**Conversion Notice**), the Convertible Notes may be converted in whole or in part into Shares at the Conversion Price (the **Conversion Shares**).
- (d) The effect on the issued share capital of the Company upon the issue and conversion of the Convertible Notes.

Shares	Number
Shares issued on the date of this Cleansing Notice	1,313,354,631
Shares issued upon conversion of the Convertible Notes ¹	92,307,693
Total Shares on issue following conversion of all Convertible Notes	1,405,662,324

NOTE:

1. This assumes that the Convertible Notes are converted at the lowest possible Conversion Price (being \$0.065).

Convertible Notes	Number
Convertible Notes on issue at the date of this Cleansing Notice	0
Convertible Notes to be issued under the Terms Sheet	6,000,000
Total Convertible Notes on issue following issue of the Convertible Notes under the Terms Sheet	6,000,000

4. RIGHTS AND LIABILITIES ATTACHING TO THE CONVERTIBLE NOTES TO BE ISSUED UNDER THE CONVERTIBLE SECURITIES AGREEMENT

The following is a broad summary of the terms and conditions of the Terms Sheet and the rights, privileges and restrictions attaching to the Convertible Notes. These summaries are not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Noteholder.

Terms Conditions of the Convertible Notes Terms Sheet		
1.	Face Value	The total aggregate face value of the Convertible Notes is \$6,000,000 (with a face value of \$1.00 per Convertible Note)
2.	Term (Repayment Date)	The Convertible Notes will be issued on the Subscription Date and shall be converted or otherwise redeemed within 24 months following the date of execution of this Terms Sheet (Repayment Date).
3.	Security	Convertible Notes are unsecured.
4.	Events of Defaults	<p>It is an event of default, whether or not it is within the control of the Company, where:</p> <ol style="list-style-type: none"> 1. Failure to pay: the Company fails to pay or repay any amount due by it under this Terms Sheet; 2. Non-remediable failure: the Company fails to perform or observe any material undertaking, obligation or agreement expressed in this Terms Sheet and the Company does not remedy such failure within 14 days, or a longer period determined by the Subscriber, after receipt by the Company of a notice from the Subscriber specifying the failure; 3. Receiver: a receiver, manager, official manager, trustee, administrator or similar official is appointed, or steps taken for such appointment, over any of the assets or undertaking of the Company; 4. Insolvency: the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act; 5. Administrator: an administrator is appointed or a resolution is passed or any steps are taken to appoint, or to pass a resolution to appoint, an administrator to the Company; 6. Winding up: an application or order is made for the winding-up or dissolution of the Company, which application is not dismissed or withdrawn within 21 days or a resolution is passed or any steps are taken to pass a resolution for the winding-up or dissolution of the Company otherwise than for the purpose of an amalgamation or reconstruction; and 7. Suspends payment: the Company suspends payment of its debts generally, <p>(together, Events of Default)</p>

The rights, privileges and restrictions attaching to the Convertible Notes		
1.	Face Value	\$1.00 per Convertible Note
2.	Redemption	<p>(a) The Company will be required to redeem the Convertible Notes for their Face Value (plus any unpaid interest) on the Repayment Date unless the Convertible Notes are redeemed or converted into Shares prior to the Repayment Date.</p> <p>(b) The Company will also be required to redeem the Convertible Notes for their Face Value (plus any unpaid interest) within 10 business days of a demand by a Subscriber on the occurrence of an Event of Default which has not been remedied within the prescribed time.</p>
3.	Conversion Price	Each Convertible Note will be convertible into Shares at a fixed conversion price of \$0.065 per Share (the Conversion Price).
4.	Conversion	<p>(a) At any time after the date and prior to the Repayment Date, at the election of the Subscriber by written notice to the Company (Conversion Notice), the Convertible Notes may be converted in whole or in part into Shares at the Conversion Price (the Conversion Shares).</p> <p>(b) Once a Conversion Notice has been issued, it cannot be withdrawn.</p> <p>(c) The Company must, as soon as is reasonably practicable:</p> <ul style="list-style-type: none"> (i) issue that number of Shares equal to the number of Convertible Notes noted in the Conversion Notice divided by the Conversion Price; (ii) apply for quotation on ASX of all Shares issued (if it is admitted to the official list of the ASX at that time); and (iii) procure that a holding statement for the securities issued is sent to the Subscriber. <p>(d) Fractional entitlements to Shares will be rounded up to the nearest whole number.</p> <p>(e) The Subscriber is prohibited from being issued Shares on conversion of the Convertible Notes or in lieu of accrued interest with the effect that the Subscriber (together with its associates) would hold a relevant interest exceeding 19.99% or more in the issued share capital of the Company, unless the issue of Shares to the Subscriber satisfies any of the exemptions in Section 611 of the Corporations Act.</p>
5.	Conversion Notice	If the Noteholder wishes to convert all or part of the Convertible Notes into Shares, the Noteholder must deliver to the Company a duly completed and executed conversion notice and the Convertible Note's note certificate, or such other evidence of title as to ownership of the Convertible Notes as is acceptable to the Company
6.	Interest Rate	From the Subscription Date until the Convertible Notes are either redeemed or converted into Shares at a rate of 7% per annum, calculated monthly and payable annually in arrears/accruing daily from the Subscription Date and computed on a daily basis on a year of 365 days.
5.	Interest Payments	Interest is repayable: <ul style="list-style-type: none"> (a) in cash, in the event that the Convertible Notes have not been converted into Shares; or (b) in Shares, in the event that the Convertible Notes have been converted into Shares, calculated at a price of \$0.065 per Share.

6.	Conversion to satisfy Convertible Notes	<p>(a) The issue of Conversion Shares by the Company on conversion of the Convertible Notes under this Terms Sheet will be deemed to have satisfied the Company's obligations to the Subscriber in respect of the Principal Amount on the Convertible Notes.</p> <p>(b) Upon the Convertible Notes being either redeemed by the Company or converted into Shares, all the Company's obligations under this Terms Sheet will come to an end other than in respect of any accrued but unpaid interest outstanding at the time of conversion or redemption (as applicable).</p>
7.	Voting rights and Participation Rights	<p>(a) The Subscriber will be able to attend general meetings of the Company but is not entitled to vote prior to conversion of the Convertible Notes into Shares.</p> <p>(b) Before conversion, the Subscriber is not entitled to participate in rights issues, returns of capital, bonus issues or capital reconstructions of the Company.</p>

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES ISSUED ON CONVERSION OF THE CONVERTIBLE NOTES

The Shares issued to the Noteholder on the conversion of the Convertible Notes under the Terms Sheet will rank equally in all respects with all of the Company's existing Shares. The rights attaching to the Shares, including new Shares to be issued to the Noteholder on the conversion of the Convertible Notes, are set out in the Company's constitution, and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

The Company intends to apply to ASX for quotation of the Shares issued on conversion of any Convertible Notes.

Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which can be inspected free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

(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 Company's 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.

(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 the Shares to be issued on the conversion of the Convertible Notes will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(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) FUTURE INCREASE IN CAPITAL

The allotment and issue of any new Shares is under the control of the Directors. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Company's constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue securities as they shall, in their absolute discretion, determine.

(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) ALTERATION OF CONSTITUTION

In accordance with the Corporations Act, the Company's 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.

6. COMPLIANCE WITH DISCLOSURE OBLIGATIONS

The Company is a "disclosing entity" under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market immediately any information which a reasonable person would expect to have a material effect on the price or the value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 30 June 2020;
- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure notices given by the Company to ASX after lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Cleansing Notice with ASX is set out in the table below.

Date	Announcement
15/09/2021	Notification of cessation of securities – EQR
13/09/2021	Proposed issue of securities – EQR
13/09/2021	Proposed issue of securities – EQR
13/09/2021	Early Works Expansion Funding ahead of BFS
9/09/2021	Trading Halt
5/08/2021	Mt Carbine Hits Bonanza Grades Under Open Pit

29/07/2021	Quarterly Activities and Cash Flow Report June 2021
14/07/2021	Investor Presentation
13/07/2021	EQR Drilling at Mt Carbine Hits Iron Duke Extensions
6/07/2021	Mt Carbine - More High-Grade Intercepts
23/06/2021	Notification regarding unquoted securities - EQR
23/06/2021	Notification regarding unquoted securities - EQR
23/06/2021	Notification regarding unquoted securities - EQR
10/06/2021	Clarification on Results Released for Mt Carbine Drilling
8/06/2021	EQR Hits High-Grade Tungsten Zones Below Open Pit
27/05/2021	Change of Director's Interest Notice x4
26/05/2021	Appendix 3G
25/05/2021	EQR Appoints Bankable Feasibility Study Lead
20/05/2021	S708A Cleansing Notice and Appendix 2A
18/05/2021	EQR Extends Resource Drilling at Mt Carbine
17/05/2021	Results of Meeting
29/04/2021	Quarterly Activities and Cash Flow Report March 2021
21/04/2021	Mt Carbine Drilling Update
16/04/2021	Notice of General Meeting
30/03/2021	EQ Resources Commences Drilling at Mt Carbine
22/03/2021	EQR Secures Approval to Produce up to 1million tonnes a year
19/03/2021	Correction to Appendix 3G lodged 19 March 2021
19/03/2021	Appendix 3G
19/03/2021	S708A Cleansing Notice and Appendix 2A
17/03/2021	CEO Contract Update
17/03/2021	Webinar - Company Presentation and Activities
16/03/2021	Initial Director's Interest Notice
16/03/2021	Appointment of Director
16/03/2021	Half Year Financial Report
15/03/2021	Proposed issue of Securities - EQR
15/03/2021	Investor Presentation
15/03/2021	Proposed issue of Securities - EQR
15/03/2021	Proposed issue of Securities - EQR

15/03/2021	EQR Raises A\$6.5M To Accelerate Mt Carbine Expansion
11/03/2021	Trading Halt
25/02/2021	EQR Progresses Underground Permitting and Funding Options
15/02/2021	Update to Securities Trading Policy
15/02/2021	Change in Company Secretary and Registered Office
08/02/2021	Engagement of Rock Financial Advisory
01/02/2021	Appendix 3G
27/01/2021	Quarterly Activities and Cash Flow Report Dec 2020
15/01/2021	Final Director's Interest Notice Ms K.Cavallaro
15/01/2021	Resignation of Executive Director, Ms Kim Cavallaro
13/01/2021	Environmental Approval Obtained for Underground Exploration
01/12/2020	Change of Company Name and ASX Code
26/11/2020	Updated Constitution
26/11/2020	2020 AGM Results of Meeting
26/11/2020	2020 AGM Chair's Address and CEO Presentation
19/11/2020	Speciality Metals to Present at Virtual Conference
30/10/2020	Quarterly Activities and Cash Flow Report Sept 2020
28/10/2020	Investor Presentation October 2020
26/10/2020	Appendix 4G and 2020 Corporate Governance Statement
26/10/2020	Notice of Annual General Meeting/Proxy Form
16/10/2020	High-grade structural zones extend for 1.2km - Mt Carbine
01/10/2020	Initial Director's Interest Notice K.Cavallaro
01/10/2020	Appointment of Director K.Cavallaro
30/09/2020	Date of AGM and Closing Date for Director Nominations

7. INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICES

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

- (b) the rights and liabilities attaching to the Convertible Notes and the Shares.

For more information, please contact the Company Secretary on (03) 9692 7222.

Released on authority of the Board by:

Kevin MacNeill
Chief Executive Officer

Further Enquiries:

Peter Taylor
Investor Relations
0412 036 231
peter@nwrcommunications.com.au

About the Company

EQ Resources Limited is an ASX-listed company transforming its world-class tungsten assets at Mt Carbine in North Queensland; leveraging advanced technology, historical stockpiles and unexploited resource with the aim of being the pre-eminent tungsten producer in Australia. The Company also holds gold exploration licences in New South Wales. The Company aims to create shareholder value through the exploration and development of its current portfolio whilst continuing to evaluate corporate and exploration opportunities within the new economy and critical minerals sector.

Forward-looking Statements

This announcement may contain forward-looking statements. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. Particular risks applicable to this announcement include risks associated with planned production, including the ability of the Company to achieve its targeted production outline due to regulatory, technical or economic factors. In addition, there are risks associated with estimates of resources, and there is no guarantee that a resource will have demonstrated economic viability as necessary to be classified as a reserve. There is no guarantee that additional exploration work will result in significant increases to resource estimates. Neither the Australian Securities Exchange nor its Regulation Services Provider (as that term is defined in policies of the Australian Securities Exchange) accepts responsibility for the adequacy or accuracy of this announcement.

Follow us:  

Annexure A

ProForma Consolidated Statement of Financial Position

	Reviewed	Proforma Adjustments			Unaudited
	12/31/2020	Issue of Convertible Notes	Issue of Options	Costs of Issue	Proforma 31/12/20
	\$				\$
Current Assets					
Cash and cash equivalents	1,502,985	6,000,000		(240,000)	7,262,985
Trade and other receivables	1,128,374				1,128,374
Prepayments	265,782				265,782
Inventory	635,773				635,773
Total current assets	3,532,914	6,000,000	0	(240,000)	9,292,914
Non-Current Assets					
Receivables	1,090,173				1,090,173
Plant and equipment	2,568,222				2,568,222
Inventory	7,209,548				7,209,548
Deferred exploration and evaluation	7,021,546				7,021,546
Financial assets	3,144				3,144
Total Non-Current Assets	17,892,633	0	0	0	17,892,633
Total Assets	21,425,547	6,000,000	0	(240,000)	27,185,547
Current Liabilities					
Payables	2,649,411				2,649,411
Employee benefits	134,404				134,404
Lease liability	232,527				232,527
Contract liability – sublease	131,719				131,719
Contract liability – offtake	2,283,522				2,283,522
Total Current Liabilities	5,431,583	0	0	0	5,431,583
Non-Current Liabilities					
Employee benefits	16,241				16,241
Lease liability	812,678				812,678
Convertible Note Payable		6,000,000			6,000,000
Contract liability – sublease	1,771,397				1,771,397
Total Non-Current Liabilities	2,600,316	6,000,000	0	0	8,600,316
Total Liabilities	8,031,899	6,000,000	0	0	14,031,899
Net Assets	13,393,648	0	0	(240,000)	13,153,648

Equity				
Issued capital	15,023,117			15,023,117
Reserves	90,077	465,000		555,077
Accumulated profit / (loss)	-1,719,546	(465,000)	(240,000)	-2,424,546
Total Equity	13,393,648	0	0 (240,000)	13,153,648

Please refer to the notes below.

The pro-forma consolidated Statement of Financial Position shown in the table above (“pro-forma”) has been prepared on the following basis:

(a) The 31 December 2020 Consolidated Statement of Financial Position, as included in the consolidated entity’s reviewed Financial Report for the half-year ended 31 December 2020, released to the market on 16 March 2021, has been used as a base position to illustrate the impact of the issue of the convertible notes.

(b) The pro-forma is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian accounting standards. It has been prepared in accordance with the Company’s normal accounting policies.

(c) The balances for Cash and cash equivalents, trade and trade receivables, and other assets and liabilities appearing in the pro-forma have not been adjusted for expenditure and other activities since 31 December 2020.

(d) Any equity component(s) of the convertible notes are not considered material for the purposes of the pro-forma and have not been separately valued or identified in the pro-forma.