



Black Dragon Gold Corp. ARBN 625 522 250

PROSPECTUS

This Prospectus is being issued for the offer of up to:

- (a) 20,422,830 New Options to SPP Subscribers on the basis of 1 free-attaching Option for every 2 CDIs subscribed for under the SPP (**SPP Options Offer**);
- (b) 16,517,858 New Options to Placement Participants on the basis of 1 free-attaching Option for every 2 CDIs subscribed for under the Placement (**Placement Options Offer**); and
- (c) 10,357,143 CDIs and up to 5,178,571 New Options to be issued to Directors who are participating in the Director Placement (**Director Placement Offer**),

(together, the **Offers**).

Timing

The Offers are currently scheduled to close at 5.00pm WST on 22 December 2021. Valid Applications must be received before that time.

Conditional Offers

The issue of the New Options and CDIs under the Offers are subject to and conditional on the receipt of Shareholder approval at the Company's General Meeting to be held on or around 23 December 2021. Refer to Section 1.5 for further information.

Important Notice

Investment in the Securities offered pursuant to this Prospectus should be regarded as **highly speculative** in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 4 for a summary of the key risks associated with an investment in the Securities.

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IMPORTANT NOTICES

Prospectus

This Prospectus is dated 30 November 2021 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry date

This Prospectus expires at 5:00pm (WST) on the date which is 13 months after the Prospectus Date and no Securities will be issued on the basis of this Prospectus after this expiry date.

Not investment advice

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus in its entirety and seek professional advice where necessary.

No person is authorised to give any information or to make any representation in connection with the Offers, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

Speculative investment

The Securities offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the Securities offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid or that there will be an increase in the value of the Securities in the future.

Prospective investors should carefully consider whether the Securities offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 4 for details relating to the key risks applicable to an investment in the Company's Securities.

Copies of the Prospectus and Application Forms

This Prospectus may be made available in electronic form. Persons having received a copy of the Prospectus in electronic form, or other prospective investors may obtain a paper copy of this Prospectus and the relevant Application Form (free of charge) from the offices of the Company before the Closing Date by contacting the Company. Contact details for the Company are detailed in the Corporate Directory.

The Offers constituted by this Prospectus are only available to persons receiving this Prospectus and an Application Form within Australia, or, subject to the provisions outlined in Section 1.14.

Applications will only be accepted on the relevant Application Form attached to, or accompanying, this Prospectus. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to subscribe for Securities under the Offers should complete the relevant Application Form. 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.

No cooling-off rights

Cooling-off rights do not apply to an investment in Securities issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Website

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

Foreign investors

No action has been taken to register or qualify the Securities the subject of this Prospectus or the Offers, or otherwise to permit the Offers, in any jurisdiction outside Australia. Subject to the provisions outlined in Section 1.14, certain persons resident in New Zealand are eligible to participate in the Offers. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities 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.

The Offers are not being made to any residents of Canada and residents of Canada are not eligible to participate therein. By subscribing for Securities under any of the Offers you are representing that you are purchasing as principal and are resident in Australia or are a New Zealand resident that is eligible to participate in the Offers as set forth herein. Unless permitted under relevant securities legislation, the Securities issued under the Offers will not be tradable in Canada before any date that is four months and a day after the date of issue of such Securities.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of the New Options issued under this Prospectus. The Company will only distribute this Prospectus to

those investors who fall within the target market determination (**TMD**) as set out on the Company's website (<https://www.blackdragongold.com/>). By making an application under the Offers, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Using this Prospectus

Persons wishing to subscribe for Securities offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Securities offered pursuant to this Prospectus. If persons considering subscribing for Securities offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

Privacy statement

By completing and returning an Application Form, you will be providing personal information directly or indirectly to the Company, the Share Registry, and related bodies corporate, agents, contractors and third party service providers of the foregoing (**Collecting Parties**). The Collecting Parties will collect, hold and use that information to assess your Application, service your needs as a security holder and to facilitate distribution payments and corporate communications to you as a security holder.

By submitting an Application Form, you authorise the Company to disclose any personal information contained in your Application Form (**Personal Information**) to the Collecting Parties where necessary, for any purpose in connection with the Offers, including processing your Application and complying with applicable law, the Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any applicable regulatory authority.

If you do not provide the information required in the relevant Application Form, the Company may not be able to accept or process your Application.

If the Offers are successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the register of security holders, including bidders for your securities in the context of takeovers, regulatory authorities, authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the *Privacy Act 1988* (Cth) and all other legal requirements. If obliged to do so by law or any public authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified. As at the Prospectus Date, the Company does

not anticipate that Personal Information will be disclosed to any overseas recipient.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry at the address set out in the Corporate Directory of this Prospectus. A fee may be charged for access.

Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "targets", "intends", "may", "will", "would", "could", or "should" 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 Prospectus Date, 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, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 4. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

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, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in 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.

Currency

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to "\$" or "A\$" are references to Australian dollars.

Time

All references to time in this Prospectus are references to WST, being the time in Perth, Western Australia, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 8.

References in this Prospectus to "Shares" includes "CDIs" as appropriate.

CORPORATE DIRECTORY

Directors

Jonathan Battershill	Non-Executive Chairman
Paul Cronin	Executive Director
Alberto Lavandeira	Non-Executive Director

Company Secretary

Gabriel Chiappini

Registered Office Canada

1000 Cathedral Place
925 West Georgia Street,
Vancouver, BC V6C 3L2

Registered Office Australia

Level 1, 10 Outram Street
West Perth, WA 6005, Australia
Phone: + 61 8 6102 5055
Email: info@blackdragongold.com
Website: <https://www.blackdragongold.com/>

Registered Office United Kingdom

Ground Floor, Regent House
65 Rodney Road
Cheltenham GL50 1HX UK

ASX Code (CDIs): BDG

Auditor*

Davidson & Company LLP
Chartered Professional Accountants
1200-609 Granville
Street, P.O. Box 10372, Pacific Centre,
Vancouver, B.C V7Y 1G6

Share Registry Canada*

Computershare Investor Services Inc.
510 Burrard St,
Vancouver, BC, V6C 3B

Share Registry Australia

Computershare Investor Services Pty Ltd Level
11, 172 St Georges Terrace Perth Western
Australia, 6000

Telephone: 1300 850 505
Email: web.queries@computershare.com.au

Canadian Legal Adviser

Sangra Moller LLP
1000 Cathedral Place
925 West Georgia Street
Vancouver, BC, V6C 3L2

Australian Legal Adviser

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
Perth WA 6000

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

KEY DATES

Date	Event
17 November 2021	Record Date for the SPP
18 November 2021	Announcement of Placement and SPP
25 November 2021	Issue of Placement CDIs
30 November 2021	Prospectus Date
1 December 2021	Despatch of Prospectus. Opening date of SPP
22 December 2021	Closing Date
23 December 2021	General Meeting
31 December 2021	Issue of SPP CDIs, SPP Options, Placement Options and Director Securities
4 January 2022	Commencement of trading of SPP CDIs

Important notes

The Company reserves the right to vary any and all of the above dates without notice, subject to the Corporations Act, Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the Closing Date without prior notice, which may have a consequential effect on the other dates.

The issue of the SPP Options, Placement Options and Director Securities is subject to and conditional on the receipt of the requisite approvals at the General Meeting. In the event that the requisite approvals are not received for any reason, the Company will not issue the SPP Options, Placement Options and / or Director Securities (as applicable). Participants in the Placement, SPP and Director Placement (as applicable) will have no right to withdraw their participation in the respective Offer (as applicable) in the event that the relevant New Options are not issued.

INVESTMENT OVERVIEW

The information below is a selective overview only and not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. Prospective investors should read this Prospectus in full before deciding whether to invest in the Securities the subject of the Offers.

Topic	Summary	Further information																		
What are the Offers?	<p>The Company is offering Options on the basis of 1 free-attaching New Option for every 2 CDIs subscribed for under the Placement, SPP and Director Placement Offer. New Options are exercisable at \$0.10 each on or before 31 December 2023.</p> <p>This Prospectus also includes the offer of CDIs to Directors under the Director Placement Offer on the same terms as the Placement.</p> <p>The issue of the SPP Options, Placement Options and Director Securities are subject to and conditional on the receipt of the requisite approvals at the General Meeting. In the event that the requisite approvals are not received for any reason, the Company will not issue the SPP Options, Placement Options and / or Director Securities (as applicable).</p>	Sections 1.1, 1.2, 1.3 and 1.4																		
What is the issue price under the Offers?	<p>The New Options are free-attaching Options to be issued for nil consideration.</p> <p>The Director CDIs will be issued for \$0.056 each.</p>	Sections 1.1, 1.2, 1.3 and 1.4																		
Am I an Eligible Shareholder?	"Eligible Shareholders" are Shareholders with addresses in Australia, or, subject to the provisions outlined in Section 1.14, New Zealand, on the Record Date. For clarity, Eligible Shareholders do not include any Shareholders that are resident in Canada.	Sections 1.14 and 1.15																		
What is the Record Date?	5.00pm WST on 17 November 2021.	Indicative Timetable																		
What if I am not an Eligible Shareholder?	If you are not an Eligible Shareholder you cannot participate in the SPP.	Section 1.15																		
Is there maximum subscription under the SPP?	<p>It is presently intended that a maximum of \$2,287,357 will be raised under the SPP (40,845,659 CDIs). Applications will be scaled back on a pro-rata basis, if required. Eligible Shareholders will only be able to apply for SPP Shares in the following parcels:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Offer</th> <th style="text-align: center;">Application amount</th> <th style="text-align: center;">New Shares</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">\$2,000</td> <td style="text-align: center;">35,714</td> </tr> <tr> <td style="text-align: center;">B</td> <td style="text-align: center;">\$5,000</td> <td style="text-align: center;">89,286</td> </tr> <tr> <td style="text-align: center;">C</td> <td style="text-align: center;">\$10,000</td> <td style="text-align: center;">178,571</td> </tr> <tr> <td style="text-align: center;">D</td> <td style="text-align: center;">\$15,000</td> <td style="text-align: center;">267,857</td> </tr> <tr> <td style="text-align: center;">E</td> <td style="text-align: center;">\$30,000</td> <td style="text-align: center;">535,714</td> </tr> </tbody> </table>	Offer	Application amount	New Shares	A	\$2,000	35,714	B	\$5,000	89,286	C	\$10,000	178,571	D	\$15,000	267,857	E	\$30,000	535,714	Section 1.9
Offer	Application amount	New Shares																		
A	\$2,000	35,714																		
B	\$5,000	89,286																		
C	\$10,000	178,571																		
D	\$15,000	267,857																		
E	\$30,000	535,714																		

Topic	Summary	Further information
Can I trade my entitlement?	No, you cannot trade your entitlement to participate in the SPP.	Section 1.10
Are the Offers underwritten?	The Offers are not underwritten.	Section 1.8
Are the Offers conditional?	The Offers under this Prospectus are conditional upon the Company obtaining Shareholder approval to issue the relevant New Options and Director CDIs at the General Meeting to be held on 23 December 2021.	Section 1.5
How do I accept an Offer?	If you wish to participate in any of the Offers and you are eligible to do so, you must follow the instructions in the relevant Application Form.	Sections 1.3, 1.4, 1.7 and 2.1
How and when will I know if my application was successful?	Security holder statements will be on or before the date specified in the Indicative Timetable. It is the responsibility of Applicants to determine their allocation prior to trading in the Securities. Applicants who sell Securities before they receive their holding statements do so at their own risk.	Section 1.11
What is the Placement Options Offer?	The Company is offering free attaching Options to Placement Participants on the basis of one New Option for every two Placement CDIs subscribed for under the Placement. Only the Placement Participants are eligible to participate in the Placement Options Offer. An Application Form in respect of the Placement Options Offer will be provided to the Placement Participants together with a copy of this Prospectus.	Section 1.3
What are the terms of the New Options?	The New Options are exercisable at \$0.10 each on or before 31 December 2023.	Section 5.6
Why is the Company seeking to raise funds?	No funds will be raised from the issue of New Options under the SPP Options Offer, Placement Options Offer and Director Placement Offer. Funds raised from the issue of Director CDIs will be used for: (a) updating and completing economic studies at the Salave Gold project; (b) corporate, employee and administrative costs; and (c) working capital.	Section 1.6
What is the effect of the Offers?	As at the date of this Prospectus the Company has 169,187,928 CDIs and 12,393,333 Options on issue. If Shareholders approve the issue of Securities under each of the Offers and the SPP is fully subscribed, the number of Securities on issue will increase to 220,390,730 CDIs and 54,512,592 Options.	Section 3
What are the risks of a further investment in the Company?	Subscribing for Securities involves a number of risks including (but not limited to) risks in respect of: <ul style="list-style-type: none"> • Land access risks: Under the Spanish Mining Act, EMC as holder of the Concessions does not have direct access rights to surface properties included in the Project but is entitled to request the expropriation of the 	Section 4

Topic	Summary	Further information
	<p>access rights, use rights or property rights required to develop its mining rights in case of land owner’s refusal to lease or sell their properties. In this regard, the Company must obtain first the consent of land owners of the plots involved in the Project to rent or sell their properties or, in case of refusal, the Company must lodge a compulsory acquisition file before the Ministry of Employment, Industry and Tourism of the Principality of Asturias to expropriate land.</p> <ul style="list-style-type: none"> • Resource and reserve estimates: The Company has previously announced a mineral resource estimate for the Project. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally made may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend on interpretations which may prove to be inaccurate, and whilst the Company employs industry-standard techniques including compliance with the Canadian National Instrument 43-101 guidelines and JORC Code 2012 to reduce the reserve and resource estimation risk, there is no assurance that this approach will alter the risk. • Exploration, development and operating risks and costs: The Concessions and the Investigation Permit are at various stages of exploration and development. Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration and development of these permits and concessions, or any other permits or concessions that may be acquired in the future, will result in the discovery of further mineral deposits. Even if an apparently viable deposit is identified, such as the Mineral Resource at the Project, there is no guarantee that it can be economically exploited. • Future capital requirements: The Company has no operating revenue and is unlikely to generate any operating revenue unless and until production commences at the Project. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Public Offer should be adequate to fund its business development activities, exploration program and other Company objectives in the short term as stated in this Prospectus. • Securities investments: Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's CDIs 	

Topic	Summary	Further information
	<p>trade may be above or below the Offer Price and may fluctuate in response to a number of factors. Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the CDIs, regardless of the Company's operational performance.</p> <ul style="list-style-type: none"> • Foreign laws: The Company is an entity existing under the laws of British Columbia and its assets are primarily located in Spain. It may be difficult for Australian investors holding CDIs to realise a judgement obtained in Canada with respect to the enforcement of governance of the Company or alternatively to make a claim of statutory civil liability under applicable Canadian securities law against assets of the Company, which are located in Spain. 	
<p>Are the Directors participating in the Offers?</p>	<p>The Directors are not Participating in the SPP Options Offer or Placement Options Offer.</p> <p>Executive Director, Mr Paul Cronin, intends to apply for 8,928,571 CDIs and 4,464,285 New Options under the Director Placement Offer.</p> <p>Non-Executive Director, Mr Alberto Lavandeira, intends to apply for 1,428,571 CDIs and 714,285 New Options under the Director Placement Offer.</p> <p>The issue of these CDIs and New Options under the Director Offer is subject to and conditional on the receipt of Shareholder approval at the General Meeting.</p>	<p>Section 6.8</p>
<p>What are the tax implications of investing in Shares?</p>	<p>The tax consequences of any investment in Shares will depend upon your particular circumstances.</p> <p>Prospective investors should obtain their own tax advice before deciding to invest.</p>	<p>Section 1.17</p>
<p>What is the cost of the Offers?</p>	<p>The expenses of the SPP and Placement are estimated to be approximately \$143,103 and \$122,600, respectively.</p> <p>Brokers assisting with the Placement will be paid 6% of the gross proceeds of the Placement and 4% of the gross proceeds of the SPP raised from clients of the relevant brokers.</p>	<p>Section 6.12</p>
<p>How can I obtain further information?</p>	<p>Further information can be obtained by reading this Prospectus and consulting your professional advisors.</p> <p>You can also contact the Company's Share Registry Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am to 5.00pm (Sydney time).</p>	<p>Section 1.22</p>

1. Details of the Offers

1.1 Background

On 18 November 2021, the Company announced a two stage capital raising comprising:

- (a) a placement to sophisticated and professional investors of approximately 33,035,730 CDIs at \$0.056 each (**Placement CDIs**) to raise \$1,850,001 before costs (**Placement**), and a further placement to certain Directors of 10,357,143 CDIs (**Director CDIs**) on the same terms to raise an additional \$580,000 before costs (**Director Placement**); and
- (b) an offer to Eligible Shareholders under a share purchase plan (**SPP**) to raise up to a further \$2,287,357 before costs by the issue of up to 40,845,659 CDIs at \$0.056 each (**SPP CDIs**).

The Company issued 33,035,730 Placement CDIs to sophisticated and professional investors (**Placement Participants**) on 25 November 2021 using the Company's placement capacity under Listing Rules 7.1 and 7.1A to raise \$1,850,001 (before costs).

The offer of SPP CDIs under the SPP has been made on the same date as this Prospectus under a separate offer booklet in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 and therefore does not require a prospectus for the purposes of Chapter 6D of the Corporations Act (**SPP Offer Booklet**).

1.2 SPP Options Offer

Eligible Shareholders who subscribe for SPP CDIs under the SPP (**SPP Subscribers**) are also being offered one free-attaching New Option for every two CDIs subscribed for under the SPP.

Similarly, Placement Participants and Directors participating in the Director Placement are being offered one free-attaching New Option for every two Placement CDIs subscribed for on the same terms.

The New Options are not intended to be quoted on the ASX, and will be exercisable at \$0.10 each on or before 31 December 2023. The terms and conditions of the New Options proposed to be issued are in Section 5.6. All Shares issued upon the future exercise of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

1.3 Placement Options Offer

Pursuant to this Prospectus, the Company is also offering for nil additional consideration 16,517,858 New Options to the participants in the Placement.

The issue of these New Options under the Placement Option Offer is subject to and conditional on the receipt of Shareholder approval at the General Meeting.

The Company is undertaking the Placement Options Offer under this Prospectus to remove the need for additional disclosure documents to be issued upon the on-sale of the New Options, and also in respect of any Shares issued on exercise of the New Options.

Only the Placement Participants are eligible to participate in the Placement Options Offer. An Application Form in respect of the Placement Options Offer will be provided to the Placement Participants together with a copy of this Prospectus.

No application monies are payable under the Placement Options Offer.

1.4 Director Placement Offer

Pursuant to this Prospectus, the Company is also offering 10,357,143 Director CDIs and 5,178,571 New Options to the certain Directors to raise up to \$580,000, as follows:

- (a) 8,928,571 CDIs and 4,464,285 New Options to Mr Paul Cronin to raise \$500,000; and
- (b) 1,428,571 CDIs and 714,285 New Options to Mr Alberto Lavandeira to raise \$80,000.

The issue of the Director CDIs and Director Options under the Director Placement Offer is subject to and conditional on the receipt of Shareholder approval at the General Meeting.

The Company is undertaking the Placement Options Offer, Director Placement Offer and SPP Options Offer under this Prospectus to remove the need for additional disclosure documents to be issued upon the on-sale of the New Options and Director CDIs, and also in respect of any Shares issued on exercise of the New Options.

Only the participants in the Director Placement are eligible to participate in the Director Placement Offer. An Application Form in respect of the Director Placement Offer will be provided to the Directors with a copy of this Prospectus.

1.5 Conditional Offers

The Offers under this Prospectus are conditional upon the Company obtaining Shareholder approval to issue the relevant New Options and Director CDIs at the General Meeting to be held on 23 December 2021.

The approvals are not inter-conditional and if Shareholder approval is not obtained in respect of one Offer, it will not preclude the Company from proceeding with the other Offers.

If Shareholder approval is not received at the General Meeting for the issue of the New Options to the participants in the SPP, the SPP Options Offer will be withdrawn and participants in the SPP will retain their SPP CDIs but will not be entitled to receive New Options or any refund of Application Monies paid under the SPP.

Similarly, if Shareholder approval is not received at the General Meeting for the issue of the New Options to the participants in the Placement, the Placement Options Offer will be withdrawn and the Placement Participants will not be entitled to receive New Options or any refund of subscription monies paid under the Placement.

1.6 Use of funds

The Company intends to apply the funds raised from the SPP, together with existing funds and the funds raised under the Placement as detailed below:

Source of funds	\$
Funds currently available, including funds raised under the Placement	2,930,001
Maximum funds to be raised under the SPP ¹	2,287,357
TOTAL	5,217,358

Allocation of funds	\$	%
Environmental Impact Assessment Approval	410,000	8
Preliminary Economic Assessment at the Salave Gold Project	200,000	4
Definitive Feasibility Study at the Salave Gold Project	900,000	17
Corporate, Employee and Administrative Costs	2,000,000	38
Working capital ²	1,441,652	28
Costs of the Offers ³	265,706	5
TOTAL	5,217,358	100

Notes:

1. The above table assumes the maximum of \$2,287,357 is raised under the SPP. In the event that a lesser amount is raised, the Company intends to reduce the amount of funding available under working capital.
2. Working capital includes but is not limited to corporate administration and operating costs and may be applied to additional directors' fees or executive fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.
3. Refer to Section 6.12 for information regarding the expenses of the Offers.

The above is a statement of current intentions at the Prospectus Date. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including regulatory developments, the success of exploration activities, access conditions (including any restrictions applicable in response to the COVID-19 pandemic), weather and any changes in the business and economic environment.

The Board believes its available cash and the maximum net proceeds of the SPP should be sufficient to fund the Company's activities until approximately June 2023. In the event that less than the maximum amount is raised under the SPP, the Company would need to find alternative financing to meet its funding requirements.

The Board believes that the funds raised from the SPP will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.

1.7 Opening and Closing Date

The Company will accept Application Forms from the date it dispatches the Prospectus until 5.00pm (WST) on 22 December 2021 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules (**Closing Date**).

Eligible Shareholders are encouraged to submit their Applications as soon as possible.

The Company reserves the right, subject to the Corporations Act and the Listing Rules to vary the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

1.8 **No underwriting**

The Offers are not underwritten.

1.9 **Minimum and maximum subscription**

It is presently intended that a maximum of \$2,287,357 will be raised under the SPP (40,845,659 CDIs). Applications will be scaled back on a pro-rata basis, if required.

Any Shareholder wishing to participate in the SPP must subscribe for a minimum of \$2,000 SPP CDIs and is subject to a maximum subscription of \$30,000 SPP CDIs, subject to the overall discretionary limit described above.

The Placement Options Offer has a maximum subscription amount of 21,428,571 New Options.

1.10 **No rights trading**

The rights to participate in the SPP are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your entitlement to participate in the SPP to any other party. If you do not take up your entitlement to participate in the SPP by the Closing Date, the offer to you under the SPP will lapse.

1.11 **Issue date and dispatch**

The SPP CDIs are expected to be issued on or before the date specified in the Indicative Timetable.

The issue of the New Options offered under this Prospectus is subject to and conditional on the receipt of the requisite Shareholder approval at the General Meeting. The New Options are expected to be issued as soon as practicable following the receipt of the requisite Shareholder approval.

Security holder statements will be on or before the date specified in the Indicative Timetable. It is the responsibility of Applicants to determine their allocation prior to trading in the Securities. Applicants who sell Securities before they receive their holding statements do so at their own risk.

1.12 **CHESS and CDIs**

Successful Applicants should note that, as the Company is incorporated and registered in British Columbia, Canada, they will be issued with CDIs instead of Shares under this Prospectus. This is because the requirements of Canadian laws that registered shareholders have the right to receive a stock certificate does not permit the CHESS system of holding uncertificated securities.

CDIs issued pursuant to this Prospectus will allow beneficial title to the Shares to be held and transferred. CDIs are electronic depository interests or receipts issued and are units of beneficial ownership in securities registered in the name of CHESS Depository Nominees Pty Ltd (**CDN**).

CDN is a wholly owned subsidiary of ASX. The main difference between holding CDIs and Shares is that the holder of CDIs has beneficial ownership of the underlying Shares instead of legal title. Legal title to the underlying Shares is held by CDN for the benefit of the CDI Holder.

The Shares underlying the CDIs issued pursuant to this Prospectus will be registered in the name of CDN for the benefit of CDI Holders. Each CDI represents one underlying Share.

CDN receives no fees from investors for acting as the depository nominee in respect of CDIs.

CDI Holders have the same economic benefits of holding the underlying Shares. CDI Holders are able to transfer and settle transactions electronically on ASX.

With the exception of voting rights, the CDI Holders are generally entitled to equivalent rights and entitlements as if they were the legal owners of Shares. CDI Holders will receive notices of general meetings of Shareholders. As CDI Holders are not the legal owners of underlying Shares, CDN, which holds legal title to the Shares underlying the CDIs, is entitled to vote at shareholder meetings of the Company on the instruction of the CDI Holders on a poll, not on a show of hands. CDI Holders are entitled to give instructions for one vote for every underlying Share held by CDN. Refer to Sections 5.2 and 5.3 for further information about CDIs.

The Company will apply to participate in the Clearing House Electronic Subregister System (**CHESS**), which is the ASX electronic transfer and settlement system in Australia, in accordance with the Listing Rules and ASX Operating Rules. Settlement of trading of quoted securities on the ASX market takes place on CHESS. CHESS allows for and requires the settlement of transactions in securities quoted on ASX to be effected electronically. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's register of CDI Holders.

The Company will not issue certificates of title to CDI Holders. Instead, as soon as is practicable after allotment, successful Applicants will receive a holding statement which sets out the number of CDIs issued to them, in much the same way as the holder of shares in an Australian incorporated ASX-listed entity would receive a holding statement in respect of shares. A holding statement will also provide details of a CDI Holder's Holder Identification Number (in the case of a holding on the CHESS sub-register) or Securityholder Reference Number (in the case of a holding on the issuer sponsored sub-register).

Following distribution of these initial holding statements, an updated holding statement will only be provided at the end of any month during which changes occur to the number of CDIs held by CDI Holders. CDI Holders may also request statements at any other time (although the Company may charge an administration fee).

1.13 **ASX quotation**

Application will be made for the official quotation of the Director CDIs offered by this Prospectus.

If permission is not granted by ASX for the official quotation of the Director CDIs offered by this Prospectus within three months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to the Director Placement Offer.

The fact that ASX may agree to grant official quotation of those CDIs is not to be taken in any way as an indication of the merits of the Company or the CDIs. ASX takes no responsibility for the contents of this Prospectus.

If official quotation of the CDIs is not granted by ASX within three months of the date of this Prospectus, any issue or transfer of the CDIs will be void.

1.14 International offer restrictions

This Prospectus, and any accompanying Application Form, do not, and is not intended to, constitute an offer of Securities in any jurisdiction in which it would be unlawful. In particular, this Prospectus, and any accompanying Application Form, may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

New Zealand

The Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand at the Record Date.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Canada

No Securities are being offered or sold to any residents of Canada. By subscribing for any Securities, you are deemed to represent that you are purchasing as principal and are not a resident of Canada.

1.15 Ineligible Foreign Shareholders

The Company believes that it is unreasonable to extend the offer to participate in the SPP to Ineligible Foreign Shareholders. The Company has formed this view having considered:

- (a) the number and value of the SPP CDIs that would be offered to those Shareholders; and
- (b) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, Ineligible Foreign Shareholders will not be entitled to participate in the SPP under the SPP Offer Booklet or the SPP Options Offer under this Prospectus.

1.16 Shareholders with a registered address in Canada as at the Record Date are not entitled to participate in the SPP under the SPP Offer Booklet or the SPP Options Offer under this Prospectus. Notice to nominees and custodians

Nominees and custodians that hold Shares or CDIs should note that the offer under the SPP is available only to Eligible Shareholders (a class of persons which includes persons holding CDIs).

Nominees and custodians must not distribute this Prospectus, and may not permit any beneficial shareholder to participate in the SPP, if they are resident in any country outside Australia, including Canada, except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the offer.

The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial shareholders. If any nominee or custodian is acting on behalf of a foreign person, that holder in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the SPP is compatible with applicable foreign laws.

1.17 **Taxation implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.18 **Privacy**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's Security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person 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.

1.19 **Withdrawal**

The Directors may at any time decide to withdraw this Prospectus and the Offers, or any part of the Offers.

If the offer of CDIs under the SPP Offer Booklet is withdrawn, all Application Monies will be returned without interest in accordance with the Corporations Act.

1.20 **Forecasts**

The Directors have considered the matters detailed 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.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

1.21 **Risk factors of an investment in the Company**

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the various business segments of the Company. Section 4 details the key risk factors which prospective investors should be aware of. It is recommended that prospective 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.

1.22 **Enquiries concerning participation in the SPP or this Prospectus**

This Prospectus provides information for potential 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 suitably qualified adviser.

Enquiries relating to this Prospectus should be directed to the Company's Share Registry Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am to 5.00pm (Sydney time).

2. How to participate in the SPP

2.1 Application amount

If you are an Eligible Shareholder, you can apply for up to a maximum of \$30,000 worth of SPP CDIs offered under the SPP Offer Booklet. Eligible Shareholders can select one of the following alternatives:

Offer	Application amount	SPP CDIs
A	\$2,000	35,714
B	\$5,000	89,286
C	\$10,000	178,571
D	\$15,000	267,857
E	\$30,000	535,714

You must pay the issue price per SPP CDI (\$0.056) and any fees or charges incurred by you in participating in the SPP, for example, bank fees or fees of professional advisers. No commission is payable by the Company on the issue of the SPP CDIs and no brokerage applies.

No fractions of SPP CDIs will be issued and fractions of CDIs will be rounded down to the nearest whole number.

To the extent that applications for SPP CDIs under the SPP Offer Booklet are scaled back and an applicant is not issued the total number of CDIs applied for, the Company will refund the surplus Application Monies, without interest.

2.2 Payment for SPP CDIs

Payment instructions for SPP CDIs are set out in the SPP Offer Booklet.

2.3 Payment for New Options

No payment is required in respect of applications for New Options.

2.4 Payment for Director CDIs

Payment instructions for the Director Placement Offer will be made via a separate application form.

3. Effect of the Offers

3.1 Capital structure

On the basis that the Company completes Offers on the terms in this Prospectus and the issue of SPP CDIs under the SPP Offer Booklet, the Company's capital structure will be as follows:

	CDIs ⁽¹⁾	Options
Existing Securities (as at the Record Date)	136,152,198 ⁽²⁾	12,393,333 ⁽³⁾
Placement	33,035,730	16,517,858
Director Placement	10,357,143	5,178,571
SPP ⁽⁴⁾	40,845,659	20,422,830 ⁽⁵⁾
TOTAL	220,390,730	54,512,592

Notes:

1. Refer to Section 5.1 for a summary of the terms and conditions of the CDIs.
2. This number does not include the Placement CDIs.
3. Comprising:
 - (a) 6,733,333 unquoted Options with various exercise prices and expiry dates;
 - (b) 1,500,000 unquoted Options with an exercise price of \$0.10 and an expiry date of 18 September 2022; and
 - (c) 4,160,000 with an exercise price of \$0.096 and an expiry date of 7 September 2024.
4. The figures shown above assumes the maximum of \$2,287,357 is raised under the SPP by the issue of 40,845,659 CDIs and that no oversubscriptions are accepted, that the Placement Options Offer is fully subscribed, that no Options are exercised and that Shareholder approval is received at the General Meeting for the issue of the New Options pursuant to the SPP Options Offer and the Placement Options Offer.
5. New Options exercisable at \$0.10 each on or before 31 December 2023.

3.2 Effect of the Offers on control of the Company

The Company is of the view that the Offers will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. No investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offers.

The maximum number of New Options proposed to be issued under the Offers is 42,119,259. If all of these New Options are exercised, the CDIs issued on exercise will constitute approximately 19.1% of the Shares on issue following completion of the Offers (assuming the SPP and SPP Options Offer are fully subscribed for and no other Securities are issued or converted to Shares).

3.3 Potential dilution

Shareholders should note that if they do not participate in the offer of SPP CDIs under the SPP Offer Booklet, their holdings are likely to be diluted (as compared to their holdings and number of CDIs on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record Date (CDIs)	% at Record Date (%)	% post Offers if the Holder does not participate (%)
Shareholder 1	20,000,000	14.69	9.07
Shareholder 2	10,000,000	7.34	4.54
Shareholder 3	5,000,000	3.67	2.27
Shareholder 4	2,000,000	1.47	0.91
Shareholder 5	1,000,000	0.73	0.45

Notes:

1. The table assumes that no Shares or CDIs are issued other than those offered pursuant to this Prospectus and the SPP Offer Booklet. The table includes dilution incurred as a result of the Placement and Director Placement.
2. The dilution effect shown in the table is the maximum percentage of dilution on the assumption that \$2,287,357 is raised under the SPP. If there is less participation in the SPP, the dilution effect for each Shareholder not participating in the SPP would be a lesser percentage. If oversubscriptions are permitted in the SPP, the dilution effect for each Shareholder not participating in the SPP would be a higher percentage.

3.4 Pro-forma consolidated statement of financial position

Set out below is:

- (a) the audited consolidated statement of financial position of the Company as at 30 June 2021; and
- (b) the unaudited pro forma consolidated statement of financial position of the Company as at 30 June 2021 incorporating the effect of the Placement and the SPP, assuming \$2,287,357 is raised under the SPP.

The statements of financial position have been prepared to provide Shareholders with information on the assets and liabilities of the Company and the pro forma assets and liabilities of the Company as noted below. The historical and pro forma information is presented in abbreviated form; it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

	Audited half year financial statements	Subsequent events (Unaudited)	Pro-forma adjustments (Unaudited)	Pro-forma (Unaudited)
	30-Jun-21	(e)	(a)-(d)	
	CAD\$	CAD\$	CAD\$	CAD\$
CURRENT ASSETS				
Cash and cash equivalents	1,439,579	-	4,095,523	5,535,102
Trade and other receivables	54,668	-	-	54,668
TOTAL CURRENT ASSETS	1,494,247	-	-	5,589,770
NON-CURRENT ASSETS				
Financial assets	1,240	-	-	1,240
TOTAL NON-CURRENT ASSETS	1,240	-	-	1,240
TOTAL ASSETS	\$1,495,487	-	-	5,591,010
CURRENT LIABILITIES				
Trade and other payables	\$336,682	-	-	336,682
TOTAL CURRENT LIABILITIES	\$336,682	-	-	336,682
NET ASSETS	1,158,805	-	-	5,266,477
EQUITY				
Issued capital	24,747,141	-	4,095,523	28,842,664
Reserves	10,633,580	-	-	10,633,580
Accumulated losses	-34,221,916	-	-	-34,221,916
TOTAL EQUITY	1,158,805	-	-	5,591,010

The pro forma statement of financial position has been prepared on the basis that the assets and liabilities of the Company have not been subject to any material change between 30 June 2021 and the completion of the Offers except for:

- (a) the issue of 33,035,730 CDIs pursuant to the Placement at \$0.056 each to raise \$1,850,001;
- (b) the issue of 10,357,143 CDIs pursuant to the Director Placement Offer at \$0.056 each to raise \$580,000;
- (c) the issue of 40,845,659 CDIs pursuant to the SPP at \$0.056 each to raise \$2,287,357;
- (d) total estimated costs of the Placement (\$122,600) and the SPP (\$143,103) (\$265,703 in total costs);
- (e) the issue of 16,517,858 New Options under the Placement Options Offer; and
- (f) the issue of 20,422,830 New Options under the SPP Options Offer (on the assumption that \$2,287,357 is raised under the SPP Offer).

4. Risk factors

An investment in securities should be regarded as speculative. Activities in the Company, as in any business, are subject to risks which may impact on the Company's future performance. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks, however some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders and prospective investors need to be aware of in evaluating the Company's business and the risks of investing in the Company. Shareholders and prospective investors should carefully consider the following factors in addition to the other information presented in the Prospectus.

The principal risks include, but are not limited to, the following:

4.1 Risks specific to the Company

(a) Title risks

Establishing title to mineral properties is a detailed and time-consuming process.

The 5 Mining Concessions comprising the Salave Gold Project (the **Project**) are presently due to expire on:

- (i) 10 October 2045 (Dos Amigos N° 24.371);
- (ii) 10 October 2045 (Salave N° 25.380);
- (iii) 25 January 2037 (Figueras y Demasía N° 29.500);
- (iv) 09 November 2048 (Ampliación a Figueras y Demasía N° 29.969); and
- (v) 16 September 2041 (Segunda Ampliación a Figueras y Demasía N° 28.820).

Regarding the Investigation Permit "Sallave" that comprises 100 grids, on January 5, 2017, EMC submitted a request to the Ministry of Economy and Employment of the Principality of Asturias asking for an extension of 3 years of this Investigation Permit. This extension was granted and new expiration date of the Investigation Permit "Sallave" is 31 January 2022.

EMC shall submit in the coming weeks both an application for an extension of 1 year of approximately 40 grids of this Investigation Permit, as well as an application for a mining concession for another 40 grids.

The success of the above applications cannot be guaranteed. However, these are strictly regulated decisions and a positive answer is to be expected if the applications meet all legal and environmental requirements.

However, renewal of the Investigation Permit "Sallave" or the mining concession thereof, do not have any impact on the main project, but only surrounding exploration opportunities. All of the Company's current Mineral Resource Estimate is contained within the Dos Amigos and Salave concessions, which are not due to expire until 2045.

(b) **Permitting, approval and expenditure risks**

For the reasons detailed below, the Company is proposing to develop the Project as an underground project. The Company will require certain government approvals in order to commence such development activities. The necessary approvals are detailed below. There can be no certainty that such approvals will be granted, or will be granted in a timely manner, or on terms that are acceptable to the Company. Factors that are beyond the Company's control such as bureaucratic impediments, minor changes in legislation and even government holidays could substantially impede the timing of receiving essential permits and delay or stall the Company's exploration and development efforts.

Pursuant to the Concessions and the Investigation Permit, the Company (through EMC) will become subject to payment and other obligations. In particular, licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to the concessions. Failure to meet these work commitments may render the licence subject to forfeiture or result in the holders being liable for fees. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of the Company's interest in its licences.

In August 2005 the regional government of Asturias halted the proposed open pit development of the Project because of the introduction of certain zoning legislation.

The open pit mining is limited by the fact that the land is classified as coastal protection land in a strip of 500m measured horizontally along the shoreline. This protection is contained both in the territorial legislation of Asturias (**POLA**) and in the Land Use Planning Regulation of Tapia de Casariego and the achievement of mining activities within the POLA requires, among other things, a special permit to be granted by the Government of the Principality of Asturias.

In July 2011, EMC lodged an application to develop the Project as an underground mining project.

The proposed underground mining project was developed in a certain area of Tapia de Casariego in such a way to avoid all environmental, territorial and land use planning restrictions.

However, on 19 December 2014, the Environmental Ministry of the Principality of Asturias issued a negative Environmental Impact Statement (**EIS**) on the Amended Environmental Impact Assessment that was prepared in connection with the application for the underground mining project. This decision was based on a negative report by the Cantabrian Hydrographic Confederation (**CHC**). CHC's view was that the proposed underground project requires more comprehensive assessment, particularly relating to the water quality predictions.

Accordingly, the Resolution of the Ministry of Employment, Industry and Tourism of the Principality of Asturias dated 10 February 2015 did not grant approval for the proposed underground mine submitted by EMC.

As holder of the Concessions, EMC is entitled to develop all the Section C Resources located within the concession area and therefore retains the right to submit a sustainable exploitation project that meets all legal requirements before the expiration date of the relevant concessions.

The Land Use Planning Regulation of Tapia de Casariego in force requires modification to allow surface mining activities on rural land in the future. EMC must lodge an

application in this regard before the City Council of Tapia de Casariego. This is, in essence, an application for the rezoning of the land to permit mining activities.

The modification of the Land Use Planning is a dual procedure that is initial and provisionally approved by the City Council of Tapia de Casariego and subsequently, is finally approved by the Ministry of Infrastructures, Territorial Development and Environment.

The success of this application cannot be guaranteed and timing for the completion of this procedure may vary depending on the circumstances. The approval of the Project requires both a positive EIS and the modification of the Land Use Planning of Tapia de Casariego to allow surface mining activities as indicated above.

In July 2021, the Company submitted the Environmental Impact Assessment (**EIA**) for the Project, to the Asturian Ministry of Mines in Spain. Now that the EIA has been submitted, the Asturian regulatory Ministries will conduct their review of the submitted documentation. The review will shortly be followed by a month-long public consultation period which will allow the Company to address or clarify points raised by the local community and stakeholders about the proposed development of the Project. Following the consultation period, EMC will continue to seek the final environmental approval for the commencement of construction at Salave.

(c) **Land access risks**

Under the Spanish Mining Act, EMC as holder of the Concessions does not have direct access rights to surface properties included in the Project but is entitled to request the expropriation of the access rights, use rights or property rights required to develop its mining rights in case of land owner's refusal to lease or sell their properties.

In this regard, the Company must first obtain the consent of land owners of the plots involved in the Project to rent or sell their properties or, in case of refusal, the Company must lodge a compulsory acquisition file before the Ministry of Employment, Industry and Tourism of the Principality of Asturias to expropriate land.

The expropriation file shall be enforced by the Administration at the request of the titleholder. The price of the right or property shall be paid by the beneficiary. The assessment of the price is determined by the Expropriation Jury; such price shall be settled based on the capitalization of the turnover; its decisions can be challenged before Court; the appeal does not delay or prevent the takeover of the rights or properties.

(d) **Resource and reserve estimates**

The Company has previously announced a mineral resource estimate for the Project. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally made may alter significantly when new information or techniques become available.

In addition, by their very nature, resource estimates are imprecise and depend on interpretations which may prove to be inaccurate, and whilst the Company employs industry-standard techniques including compliance with the Canadian National Instrument 43-101 guidelines and JORC Code 2012 to reduce the reserve and resource estimation risk, there is no assurance that this approach will alter the risk.

(e) **Risks of foreign operations**

The Project is located in Spain. As such, the Company is subject to governmental, political, economic, and other uncertainties, including, but not limited to, expropriation of property, changes in mining policies or the personnel administering them.

The Company's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment.

In the event of a dispute arising in connection with the Company's operations in Spain, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's exploration, development and production activities in Spain could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on the Company.

The Company may in the future acquire mineral properties and operations outside of Spain and Canada, which expansion may present challenges and risks that the Company has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Company.

(f) Litigation Risk

The Company is exposed to possible litigation risks including permitting disputes, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Other than as disclosed in this Prospectus, the Company is not currently engaged in any material litigation, however, notes that the commencement of the permitting process for the Salave Gold Project may attract opposition from local landholders and environmentalist groups, which may result in litigation being commenced against the Company.

(g) Future payment obligations

The Company is party to a number of agreements pursuant to which it has assumed certain obligations to make future payments to third parties upon milestones being satisfied. In particular, in the event that the Company constructs and operates an open pit mine on the Concessions the Company or its subsidiary EMC is required to pay:

- (i) €20,000,000 to the vendor under the Rio Narcea Share Purchase Agreement following the receipt of all necessary approvals to allow EMC to construct and operate an open pit mine on the Concessions that allows for the production of at least 800,000 ounces of gold. As the Company is now intending on constructing an underground mine, rather than an open pit mine, it is considered that this consideration will not become payable; and
- (ii) up to US\$25,000,000 to Sheridan if certain approval and/or production milestones are satisfied.

There can be no certainty that the Company will have sufficient funds to satisfy these obligations if and when they become payable.

(h) **Foreign laws**

The Company is an entity existing under the laws of British Columbia and its assets are primarily located in Spain. It may be difficult for Australian investors holding CDIs to realise a judgement obtained in Canada with respect to the enforcement of governance of the Company or alternatively to make a claim of statutory civil liability under applicable Canadian securities law against assets of the Company, which are located in Spain.

4.2 **Risks applicable to operations in the mining industry**

(a) **Exploration, development and operating risks and costs**

The Concessions and the Investigation Permit are at various stages of exploration and development. Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration and development of these permits and concessions, or any other permits or concessions that may be acquired in the future, will result in the discovery of further mineral deposits. Even if an apparently viable deposit is identified, such as the Mineral Resource at the Project, there is no guarantee that it can be economically exploited.

The future exploration and development activities of the Company may be affected by a range of factors, including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

Further to the above, the future development of mining operations at the Project (or any future projects that the Company may acquire an interest in) is dependent on a number of factors and avoiding various risks, including, but not limited to mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risk from third parties providing essential services.

In addition, the construction of any proposed development may exceed the expected timeframe or cost for a variety of reasons out of the Company's control. Any delays to project development could adversely affect the Company's operations and financial results and may require the Company to raise further funds to complete the project development and commence operations.

(b) **Future capital requirements**

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until production commences at the Project.

The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the SPP and Offers should be adequate to fund its activities and other Company objectives in the short term as stated in this Prospectus.

In order to successfully evaluate and develop the Project and for production to commence, the Company will require further financing in the future, in addition to amounts raised pursuant to the SPP and Offers. 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 concessions 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.

(c) **Reliance on key personnel**

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

(d) **Infectious diseases**

Infectious diseases such as COVID-19 could interrupt the Company's operations, impair deployment of its solutions to customers and prevent customers from honouring their contractual obligations. Such diseases can also cause hospitalisation or death of the Company's staff and existing and potential customers. COVID-19 has been declared a pandemic. Containment relating to the pandemic is likely to delay or inhibit the Company's ability to provide its products to customers, as well as causing disruptions to supply chains and delays in sourcing component parts.

Whilst the Company has a business continuity and mitigation plan in respect of COVID-19 and has also created work-from-home procedures to manage business continuity risks, these controls may have limited effect depending on the scope and size of any outbreak or threat.

(e) **Insurance and uninsured risks**

The Company, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. 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. Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

(f) **Commodity price and exchange rate risks**

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. The prices of gold, and other minerals fluctuate widely and

are affected by numerous factors beyond the control of the Company, such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. Future serious price declines in the market values of gold, and other minerals could cause the development of, and eventually the commercial production from, the Company's projects and the Company's other properties to be rendered uneconomic. Depending on the prices of commodities, the Company could be forced to discontinue production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even as commercial quantities of gold and other minerals are produced, a profitable market will exist for it.

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

In addition to adversely affecting any potential future reserve estimates of the Company and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

(g) **Risk of adverse publicity**

The Company's activities will involve mineral exploration and mining and regulatory approval of its activities may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for, the Company's activities. The nature of the Company's business attracts a high level of public and media interest and, in the event of any resultant adverse publicity; the Company's reputation may be harmed.

(h) **Litigation risks**

The Company is exposed to possible litigation risks including permitting disputes, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Other than as disclosed in this Prospectus, the Company is not currently engaged in any material litigation, however, notes that the commencement of the permitting process for the Salave Gold Project may attract opposition from local landholders and environmentalist groups, which may result in litigation being commenced against the Company.

4.3 **General risks**

(a) **Securities investments**

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's CDIs trade may fluctuate in response to a number of factors. Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may

materially affect the market price of the CDIs, regardless of the Company's operational performance.

(b) **Share market conditions**

The market price of the CDIs may fall as well as rise and may be influenced by the varied and unpredictable movements in the equity markets. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Economic risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Spain, the rate of growth of Spain's gross domestic product, interest rates and the rate of inflation.

(d) **Policies and legislation**

Any material adverse changes in government policies or legislation of Spain, Canada or any other country that the Company has economic interests may affect the viability and profitability of the Company.

(e) **Climate change risk**

There are a number of climate-related factors that may affect the Company's business or its assets.

Climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water, scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on the Company's ability to access and utilise its tenements and/or on the Company's ability to transport or sell mineral commodities, should the Company's exploration and development activities be successful.

Changes in policy, technological innovation and consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets (including its tenements), or may result in less favourable pricing for mineral commodities, particularly in the event of a transition to a lower-carbon economy.

4.4 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares and CDIs. Shareholders should consider that the investment in the Company is high risk and should consult their professional adviser before deciding whether to apply for Securities pursuant to this Prospectus.

5. Rights attaching to Securities

5.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to the Shares (in the form of CDIs) under the Offers is detailed below, which includes a summary of the key provisions of the Articles and the BCBCA. This summary is qualified by the full terms of the Articles (a full copy of the Articles is available from the Company on request free of charge) and the BCBCA, and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Articles with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) Voting

At any meeting of Shareholders, every person present who is a Shareholder (including their validly appointed proxy holder) and entitled to vote on the matter has one vote for every Share held. If there are joint Shareholders registered in respect of any Share, any one of the joint Shareholders may vote at any meeting of Shareholders, either personally or by proxy, in respect of the Share as if that joint Shareholder were solely entitled to it. If more than one joint Shareholder is present at any meeting of Shareholders, personally or by proxy, and more than one of the joint Shareholders votes in respect of that Share, then only the vote of the joint Shareholder present whose name stands first in the central securities register in respect of the Share will be counted.

As detailed in Section 5.2, holders of CDIs can attend but cannot vote in person at a general meeting, and must instead direct CDN how to vote in advance of the meeting. Any notice of meeting issued to CDI Holders will include a form permitting the holder to direct CDN to cast proxy votes in accordance with the holder's written instructions.

If, pursuant to the Listing Rules, a notice of meeting contains a voting exclusion statement which excludes certain named persons (or class of persons) and their associates from voting on a particular resolution, any votes cast on that resolution by the named person (or class or person) excluded from voting or an associate of that person of those persons must be disregarded.

(b) Meetings

An annual general meeting of Shareholders is required to be held by the Company once in every calendar year and not more than 15 months after the last annual general meeting of Shareholders.

Pursuant to the Articles and subject to applicable law, the Company is required to give Shareholders at least 21 days' notice of a meeting of Shareholders. Each Shareholder of record as of the applicable record date for any meeting of Shareholders is entitled to receive notice of, attend and vote at any meeting of Shareholders and to receive all notices required to be sent to Shareholders under applicable law and Listing Rules. As noted above, CDI Holders may only exercise their vote by directing CDN accordingly.

A Shareholder(s) holding in the aggregate at least 1% of the Shares and that has been a Shareholder(s) for an uninterrupted period of at least 2 years may request, subject to the BCBCA, that the Company include a proposal on the agenda at the next general meeting of Shareholders, provided that such Shareholder(s) has not, within 2 years before the date of signing of the proposal, failed to present, in person or by proxy, at a general

meeting of Shareholders, an earlier proposal of which the Shareholder(s) was the submitter. The BCBCA details the information that must be included in such a request, and the timing requirements.

Under the BCBCA, a Shareholder(s) holding in the aggregate at least 5% of the Shares has the right to requisition a general meeting of Shareholders for the purpose of transacting any business that may be transacted at a general meeting of Shareholders. The BCBCA details the information that must be included in such a request, and the timing requirements.

(c) Dividends

Pursuant to the Articles and subject to applicable law, the Board may from time to time declare and authorize payment of such dividends as they may deem advisable, and the Board may determine the time for payment of such dividends and the record date for determining the Shareholders entitled thereto.

Subject to the rights of the holders of shares with special rights as to dividends (currently there are no applicable special rights), any dividend paid by the Company shall be allocated among shareholders entitled thereto in proportion to their respective holdings of the shares in respect of which such dividend is being paid.

(d) Transfer of Shares

Pursuant to the Articles and subject to applicable law, Shares may be transferred by a written instrument of transfer which complies with the Articles and applicable law.

The Board must not refuse to register a transfer of CDIs when required by the Listing Rules or ASX Settlement Rules.

(e) Issue of further Shares

Pursuant to the Articles and subject to applicable law and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue price that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

(f) Voluntary Dissolution

Pursuant to the BCBCA, the Company may apply to be dissolved if it is authorised to do so by a special resolution passed by the Shareholders, it has no assets and it has no liabilities or has made adequate provisions for the payment of each of its liabilities.

Pursuant to the BCBCA, the Company may liquidate if it has been authorised to do so by a special resolution passed by the Shareholders. Concurrently, the Company must also appoint a qualified liquidator approved by an ordinary resolution passed by the Shareholders.

If the Company is wound up, liquidated or dissolved, then, subject to the Articles of the Company and applicable law and to the rights of the holders of shares with special rights upon winding up, if any, the assets of the Company legally available for distribution among the shareholders, after payment of all debts and other liabilities of the Company, shall be distributed to the shareholders in proportion to their respective holdings of the shares in respect of which such distribution is being made.

(g) Variation of rights

At present, the Company's only class of shares is common shares without par value. Subject to the Articles and applicable law, and in particular those provisions relating to the rights of holders of outstanding shares to vote if their rights are prejudiced or interfered with, the Company may by an ordinary resolution passed by Shareholders or with the approval of its Board:

- (i) create special rights or restrictions form and attach those special rights or restrictions to, the shares of any class or series of shares of the Company, whether or not any or all of those shares have been issued; or
- (ii) vary or delete any special rights or restrictions attached to the shares of any class or series of shares of the Company, whether or not any or all of those shares have been issued.

(h) Directors – appointment and removal

Each of the Directors shall be elected at each annual general meeting of Shareholders (or appointed by unanimous Shareholder resolution) and shall serve in office until the close of the next annual general meeting, unless they vacate their office earlier. Each Director retiring at an annual general meeting of Shareholders is eligible to be re-elected at that meeting.

Additional Directors may be elected at general meetings by an ordinary resolution passed by the Shareholders. The Board may also appoint additional Directors or Directors to fill a casual vacancy. Directors so elected or appointed must retire at the next annual general meeting, at which they may seek re-election.

A Director may be removed from office by an ordinary resolution passed by the Shareholders. The Board shall also be entitled to remove from office any Director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the Board may appoint a director to fill the resulting vacancy.

(i) Directors – fees and remuneration

No Director shall be paid any remuneration by the Company for his or her services as Director except as may be approved by Shareholders, in accordance with the Articles and applicable law.

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

(j) Indemnities

The Company must indemnify a director or former director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding.

In addition, the Company may indemnify any other person against eligible penalties and pay expenses incurred in connection with the performance of services by that person for the Company.

The restrictions and limitations on the indemnity and insurance provisions are detailed in the Articles.

(k) Alteration to the Articles

Subject to applicable law, the Articles may be amended with the approval of the Company's Board.

5.2 Rights of CDI Holders

With the exception of voting rights, CDI Holders are generally entitled to equivalent rights as holders whose securities are legally registered in their own name. The ASX Settlement Rules require that all economic benefits, such as dividends, bonus issues, rights issues or similar corporate actions flow through to CDI Holders as if they were the legal owners of the underlying securities. However, in some cases, marginal difference may exist between the resulting entitlements of CDI Holders and the entitlements they would have accrued if they held Shares directly. This is because, for the purposes of certain corporate actions, CDN's holding of Shares is, for Canadian legal reasons, treated as a single holding, rather than as a number of smaller separate holdings corresponding to the individual interests of CDI Holders (thus, for example, CDI Holders will not benefit to the same extent from the rounding up of fractional entitlements as if they held Shares directly).

The ASX Settlement Rules require the Company to give notices to CDI Holders of general meetings of Shareholders. The notice of meeting must include a form permitting the CDI Holder to direct CDN how to vote on a particular resolution, in accordance with the CDI Holder's written directions. CDN is then obliged under the ASX Settlement Rules to lodge proxy votes in accordance with the directions of CDI Holders. CDI Holders cannot vote personally at Shareholder meetings. The CDI Holder must convert their CDIs into certificated Shares prior to the relevant meeting in order to vote in person at the meeting.

If a takeover bid or similar transaction is made in relation to the Shares of which CDN is the registered holder, the ASX Settlement Rules require that CDN must not accept the offer made under the takeover bid except to the extent that acceptance is authorised by the relevant CDI Holder. In these circumstances, CDN must ensure that the offeror, pursuant to the takeover bid, processes the takeover acceptance.

5.3 Converting between Shares and CDIs

CDI Holders may at any time convert their holding of CDIs (tradeable on ASX) to certificated Shares by:

- (a) in the case of CDIs held through the issuer sponsored sub-register, contacting the Share Registry directly to obtain the applicable request form; or
- (b) in the case of CDIs held on the CHESSE sub-register, contacting their controlling participant (generally a stockbroker), who will liaise with the Share Registry to obtain and complete the request form.

Upon receipt of a request form, the relevant number of CDIs will be cancelled and Shares will be transferred from CDN into the name of the CDI Holder and a registered share certificate be issued. This will cause your Shares to be registered on the certificated register of Shareholders and trading will no longer be possible on ASX.

A holder of Shares may also convert their Shares to CDIs by contacting their stockbroker (or applicable controlling participant). In this case, the Shares will be transferred from the Shareholder's name into the name of CDN and a holding statement will be issued to the person

who converted their Shares to CDIs in respect of the CDIs that have been issued. The CDIs will be tradeable on ASX.

5.4 ASIC Relief

Pursuant to ASIC Class Order CO14/827, ASIC has given class order relief for offers for the issue or sale of CDIs, where the underlying foreign securities are quoted on ASX and are held by CDN as the depository nominee. The purpose of the relief is to remove any uncertainty about how offers of CDIs over underlying foreign securities are regulated under the Corporations Act, ensuring offers of CDIs are regulated as an offer of securities under the disclosure provisions of Chapter 6D of the Corporations Act.

Pursuant to the Class Order, the Company is required to provide the following information.

Topic	Explanation
Nature of CDIs	<p>The Shares the subject of the Offers will trade on ASX in the form of CDIs.</p> <p>A CDI is a unit of beneficial ownership in a share (or beneficial interest in a share) or option of a foreign company, where the underlying share, interest or option is registered in the name of a depository nominee (in this case CDN), for the purpose of enabling the foreign share, interest or option to be traded on ASX.</p> <p>For further information see Section 1.12.</p>
Specific features of CDIs	<p>The main difference between holding CDIs and Shares is that the holder of CDIs has beneficial ownership of the underlying Shares instead of legal title. Legal title to the underlying Shares is held by CDN for the benefit of the CDI Holder.</p> <p>Each CDI will represent one underlying Share.</p> <p>CDI Holders have the same economic benefits of holding the underlying Shares. CDI Holders are able to transfer and settle transactions electronically on ASX.</p> <p>With the exception of voting rights, the CDI Holders are entitled to equivalent rights and entitlements as if they were the legal owners of Shares. CDI Holders will receive notices of general meetings of Shareholders.</p> <p>For further information see Section 1.12.</p>
Identity and role of CDN	<p>The Shares underlying the CDIs issued pursuant to this Prospectus will be registered in the name of CDN. CDN is a wholly owned subsidiary of ASX.</p> <p>Legal title to the underlying Shares is held by CDN for the benefit of the CDI Holder.</p> <p>CDN receives no fees from investors for acting as the depository nominee in respect of CDIs.</p>
How to convert CDIs into Shares	<p>Information on how to convert CDIs into Shares is set out in Section 5.3.</p>

Topic	Explanation
Voting rights	<p>CDI Holders cannot vote personally at Shareholder meetings. The CDI Holder must convert their CDIs into certificated Shares prior to the relevant meeting in order to vote in person at the meeting.</p> <p>As CDI Holders are not the legal owners of underlying Shares, CDN, which holds legal title to the Shares underlying the CDIs, is entitled to vote at shareholder meetings of the Company on the instruction of the CDI Holders on a poll, not on a show of hands.</p> <p>CDI Holders are entitled to give instructions for one vote for every underlying Share held by CDN.</p> <p>For further information see Section 5.3.</p>
Dividends or other distributions	<p>The ASX Settlement Rules require that all economic benefits, such as dividends, bonus issues, or other distributions flow through to CDI Holders as if they were the legal owners of the underlying securities.</p> <p>As each CDI will represent one underlying Share, in the event the Company pays a dividend or undertakes a distribution CDI holders will receive the same benefit as if they were holding Shares.</p>
Corporate actions	<p>The ASX Settlement Rules require that all economic benefits, such as dividends, bonus issues, rights issues or similar corporate actions flow through to CDI Holders as if they were the legal owners of the underlying securities.</p> <p>However, in some cases, marginal difference may exist between the resulting entitlements of CDI Holders and the entitlements they would have accrued if they held Shares directly. This is because, for the purposes of certain corporate actions, CDN's holding of Shares is, for Canadian legal reasons, treated as a single holding, rather than as a number of smaller separate holdings corresponding to the individual interests of CDI Holders (thus, for example, CDI Holders will not benefit to the same extent from the rounding up of fractional entitlements as if they held Shares directly).</p>
Takeovers	<p>If a takeover bid or similar transaction is made in relation to the Shares of which CDN is the registered holder, the ASX Settlement Rules require that CDN must not accept the offer made under the takeover bid except to the extent that acceptance is authorised by the relevant CDI Holder. In these circumstances, CDN must ensure that the offeror, pursuant to the takeover bid, processes the takeover acceptance.</p>

Further information on CDIs can also be found in Guidance Note 5 to the ASX Listing Rules (available at <https://www2.asx.com.au/about/regulation/rules-guidance-notes-and-waivers/asx-listing-rules-guidance-notes-and-waivers>).

5.5 Key differences between Australian and Canadian company law

As the Company is not incorporated in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are regulated by the BCBCA and other applicable Canadian laws.

This is a general description of the principal differences between the laws and regulations concerning shares in a company incorporated in Canada as opposed to Australia. It is provided as a general guide only and does not purport to be a comprehensive analysis of all the consequences resulting from acquiring, holding or disposing of such shares or interest in such shares. The laws, regulations, policies and procedures described are subject to change from time to time.

(a) Corporate procedures

The Company is incorporated in the Province of British Columbia, Canada, and is subject to the laws of that Province, as well as the applicable Canadian common and federal laws.

Canadian company law is essentially embodied in the provisions of the relevant federal or provincial corporate statutes in which the companies are incorporated. In the case of the Company, the relevant statute is the BCBCA.

(b) Transactions requiring shareholder approval

Under the BCBCA, certain extraordinary corporate actions, such as amalgamations, continuances, reorganisations and liquidations require the approval of shareholders, including by special resolution.

(c) Security holders' right to convene meeting

The BCBCA as well as the Articles provide that the Company may call a meeting of shareholders at any time. The BCBCA further provides that the holders of not less than 5% of the issued capital of the Company that carry the right to vote at a general meeting may requisition the directors of the Company to call a meeting of the Company shareholders for the purposes stated in the requisition.

Under Canadian law, a shareholder proposal (**Shareholder Proposal**) is a document setting out a matter that the submitter proposes to have considered at the next annual general meeting of the Company.

Under the BCBCA, Shareholder Proposals may generally be submitted by both registered and beneficial shareholders who are entitled to vote at an annual shareholders' meeting who, in the aggregate, constitute at least one percent of the shares of the company or have shares with a value of more than C\$2,000, provided that the shareholder has been a registered owner or beneficial owner of one or more share for an uninterrupted period of at least 2 years in the case of the BCBCA, before the date of the signing of the Shareholder Proposal.

A Shareholder Proposal must be received at the registered office of the Company at least three months before the anniversary of the previous year's annual reference date.

If a Shareholder Proposal has been submitted in accordance with the BCBCA, the Company would then be required to set out the text of the Shareholder Proposal and the names and mailing addresses of the submitter and the supporters in its management proxy circular (and, if requested by the person submitting the Shareholder Proposal,

include or attach in its management proxy circular a statement by the shareholder in support of the Shareholder Proposal).

(d) Right to appoint proxies

Every shareholder of the Company entitled to vote at a meeting of the Company may appoint one but not more than two proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

Under the BCBCA, on a show of hands each holder of a share present in person or by proxy and entitled to vote has one vote. If a poll is called, each holder of a share present in person or by proxy will have one vote for each share held.

(e) Changes to rights attaching to securities

In accordance with the BCBCA, amendments to the special rights and restrictions attached to any issued Shares require, in addition to any resolution provided by the Articles, consent by a special resolution of the holders of such class or series of shares affected.

(f) Takeovers

Under applicable Canadian securities legislation, a "takeover bid" occurs when there is an "offer to acquire" outstanding voting or equity securities made to any person in any province or territory where the securities subject to the offer, together with the securities owned or controlled by the offeror and its affiliated and associates, constitute 20% or more of the outstanding securities, but does not include an offer to acquire if the offer to acquire is a step in an amalgamation, merger, reorganisation or arrangement that requires approval in a vote of security holders.

Unless an exemption is available, a takeover bid must be made to all holders of each class of voting or equity securities being purchased, at the same price per security – that is, identical consideration – must be offered to each holder of securities. These provisions require, among other things, the production, filing and mailing of a takeover bid circular to shareholders of the target company.

Takeover bids must treat all security holders alike and must not involve any collateral agreements, with certain exceptions for employment compensation arrangements. A bid must remain open for 105 days, except in certain circumstances under applicable securities laws where a shorter period may be applicable. Such a shorter period must be no less than 35 days.

For the protection of target security holders, the takeover bid rules contain various additional requirements, such as restriction applicable to conditional offers and with withdrawal, amendments or suspension of offers. Securities regulators also retain a general "public interest jurisdiction" to regulate takeovers and any intervene to halt or prevent activity that is abusive. Issuer bids are regulated similarly to takeover bids.

Following a bid, second step transactions where the acquirer brings its percentage ownership to 100% are governed by the BCBCA. No shareholder approval of the acquisition would be required if the acquirer obtained 90% of the outstanding securities owned by minority security holders during the bid. Otherwise, a meeting must be called and associated regulations complied with for an acquisition, including obtaining shareholder approval. Appraisal (or dissent) rights are available for objecting shareholders who fulfil certain procedural requirements.

Canadian securities laws allow certain exemptions to the formal bid requirements, on specified conditions. For example, private agreements to purchase securities from up to five normal persons are permitted if the purchase price does not exceed 115% of the market price. Under the normal course purchase exception, the offeror (together with any joint offerors) may acquire up to 5% of a class of securities within a 12-month period if there is a published market for the relevant class the consideration paid does not exceed the market price at the date of acquisition and no acquisitions are made outside of the exemption over the 12 month period. A *de minimis* exemption also exists in circumstances where less than 50 beneficial shareholders are subject to the bid, and those shareholders collectively represent less than 2% of a class of securities.

The Canadian securities regulatory authorities (**CSA**) have recognised that takeover bids play an important role in the economy by acting as a discipline on corporate management and as a means of reallocating economic resources to their best uses. In considering the merits of a takeover bid, there is a possibility that the interests of management of the target company will differ from those of its shareholders. The CSA considers the primary objective of the takeover bid provisions of the Canadian securities legislation to be the protection of the bona fide interest of the shareholders of the target company. As certain defensive measures taken by management of a target company may have the effect of denying shareholders the ability to make a fully formed decision and frustrating an open takeover bid process, the CSA will therefore examine target company defensive tactics in specific cases to determine whether they are abusive of shareholder rights.

Without limiting the foregoing, defensive tactics that may come under scrutiny if undertaken during the course of a bid, or immediately before a bid (if the board of directors has reason to believe that a bid might be imminent) include:

- (i) The issuance of or granting of an option on or the purchase of, securities representing a significant percentage of the outstanding securities of the target company;
- (ii) The sale or acquisition or granting of an option, on or agreeing to sell or acquire assets of a material amount; and
- (iii) The entering into a contract or taking corporate action other than in the normal course of business.

Shareholder approval of corporate action may be a factor in the decision as to whether the tactics are appropriate.

Notwithstanding the above, defensive tactics may be taken by a board of directors of a target company in a genuine attempt to obtain a better bid; however, tactics that are likely to deny or limit severely the ability of the shareholders to respond to a takeover bid or a competing bid may result in action by the CSA.

(g) Substantial shareholders reporting

Under applicable Canadian securities law, a person who acquired ownership and control, directly or indirectly, of more than 10% of the outstanding Shares will be required to publically disclose their holdings, and to file early warning reports with the applicable Canadian securities regulator. The early warning report discloses the person's name, address, and certain details of surrounding their ownership of Shares and securities of the Company convertible into Shares.

(h) Related party transactions

In accordance with applicable securities law, as the Company is subject to Multilateral Instrument 61-101 – Protection of *Minority Security Holders in Special Transactions* (**MI 61-101**) which imposes valuation, minority approval and disclosure requirements of entities involved in certain related party transactions.

A related party transaction includes a transaction between an issuer and a person that is a related party to the issuer at the time that the transaction is agreed to whether or not there are also other parties to the transaction, as a consequence of which, either through the transaction itself or together with a connected transaction, the issuer directly or indirectly, among other things:

- (i) purchases or acquires an asset from the related party for valuable consideration;
- (ii) sells, transfers or disposes of an asset to the related party;
- (iii) leases property to or from the related party;
- (iv) acquires the related party or combines with the related party through an amalgamation, arrangement or otherwise;
- (v) issues a security to, or subscribes for a security of the related party;
- (vi) materially amends the terms of an outstanding debt or liability owed by or to the related party, or the terms of an outstanding credit facility with the related party;
- (vii) provides a guarantee or collateral security for a debt or liability of the related party, or materially amends the terms of the guarantee or security; or
- (viii) borrows money from, lends money to the related party, or enter into a credit facility with the related party.

With respect to business combinations, subject to certain exemptions, MI 61-101 has two principal requirements:

- (i) that the issuer obtain a formal valuation in respect of the transaction; and
- (ii) that the issuer obtain minority approval of the transaction (meaning approval by a majority of the affected security holders, excluding the votes attached to affected securities held by parties interested in the business combination, related parties of an interested party, and persons acting jointly with interested parties).

The Company is currently exempted from the requirement of obtaining a formal valuation because it is not listed on any of the specified exchanges listed in section 4.4(1)(a) of MI 61-101 but may no longer be able to rely on this exemption following the commencement of quotation of its securities on the ASX.

MI 61-101 also requires an issuer to include certain disclosures regarding related party transactions in a material change report that is required to be filed under MI 61-101 and in the management proxy circular that is sent to a company's security holders to obtain minority approval in respect of the related party transaction.

- (i) Protection of minority shareholders – oppressive conduct

Under the BCBCA, a shareholder of a company and any other person to whom the court considers an appropriate person to make an application has the right to apply to court on the grounds that:

- (i) the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more shareholders; or
- (ii) some act of the company has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.

On such an application, the court may make such order as it sees fit, including an order to prohibit any act proposed by the company.

- (j) Rights of security holders to bring or intervene in legal proceedings

Under the BCBCA, a shareholder or director of a company and any person who, in the discretion of the court, is a proper person to make an application to court to bring an action on behalf of the company (**Derivative Action**), may, with judicial leave:

- (i) bring an action in the name and on behalf of the company to enforce an obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such an obligation; or
- (ii) defend in the name and on behalf of the company, a legal proceeding brought against the company.

To bring a Derivative Action it is required to obtain leave of the court, which requires the court to exercise judicial discretion. The Court has broad powers to direct the conduct of any such legal proceeding.

- (k) "Two strikes" rule

There is no "Two-strikes" rule under the BCBCA. Under the Articles, the Company may fix the remuneration of the directors (with shareholder approval, if required), officers and employees of the Company. Additional remuneration may be paid above this fixed amount to directors providing professional or other services to the Company outside the ordinary duties of directors. Under applicable Canadian Securities law, a report on executive compensation is required to be filed annually, within six months of the year end.

5.6 Rights and liabilities attaching to New Options

The New Options granted under the Offers will be issued on the following terms and conditions:

- (a) (**Entitlement**): Each Option entitles the holder to subscribe for one CDI upon exercise of the Option.
- (b) (**Issue Price**): No cash consideration is payable for the issue of the Options.
- (c) (**Exercise Price**): The Options will have an exercise price of \$0.10 each (**Exercise Price**).
- (d) (**Expiry Date**): The Options expire at 5.00pm (Australian Western Standard Time) 31 December 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

- (e) **(Exercise Period)**: The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- (f) **(Quotation of the Options)**: The Corporation will not apply for quotation of the Options on ASX.
- (g) **(Transferability of the Options)**: The Options are not transferable, except with the prior written approval of the Corporation.
- (h) **(Notice of Exercise)**: The Options may be exercised by notice in writing to the Corporation 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 Corporation.

Any Notice of Exercise of an Option received by the Corporation will be deemed to be a notice of the exercise of that Option as at 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**).

- (i) **(Timing of issue of CDIs on exercise)**: Within 5 Business Days after the Exercise Date the Corporation will:
 - (i) allot and issue the number of CDIs 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 Corporation;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**); and
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of CDIs issued pursuant to the exercise of the Options.
- (j) **(Restrictions on transfer of CDIs)**: If the Corporation is required but unable to give ASX a notice under paragraph 5.6(i)(ii), or such a notice for any reason is not effective to ensure that an offer for sale of the CDIs does not require disclosure to investors, CDIs issued on exercise of Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the Corporation, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (k) **(CDIs issued on exercise)**: CDIs issued on exercise of the Options will rank equally with the then Shares of the Corporation.
- (l) **(Quotation of CDIs on exercise)**: If admitted to the official list of ASX at the time, application will be made by the Corporation to ASX for quotation of the CDIs issued upon the exercise of the Options in accordance with the Listing Rules.
- (m) **(Reconstruction of capital)**: If at any time the issued capital of the Corporation is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (n) **(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.

- (o) **(Adjustment for bonus issues of Shares or CDIs):** If the Corporation makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of CDIs which must be issued on the exercise of an Option will be increased by the number of CDIs which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.

6. Additional information

6.1 Continuous disclosure obligations

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of its Securities.

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 the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 6.2 below).

Copies of all documents announced to the ASX can be found at <https://www2.asx.com.au/markets/company/bdq>

6.2 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offers a copy of:

- (a) the financial statements of the Company for the financial year ended 31 December 2020 and half-year ended 31 June 2021, being the last two financial statements of the Company lodged with ASIC before the issue of this Prospectus; and
- (b) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in paragraph (a) above until the date of this Prospectus:

Date	Announcement
26/11/2021	Cleansing Notice
26/11/2021	Placement Completed for \$1.85m
26/11/2021	Application for quotation of securities
18/11/2021	Proposed issue of securities - BDG
18/11/2021	Proposed issue of securities - BDG
18/11/2021	Proposed issue of securities - BDG
18/11/2021	Placement & Share Purchase Plan
16/11/2021	Trading Halt
15/11/2021	MD&A and 30-Sept 2021 Unaudited Financial Statements

Date	Announcement
12/11/2021	Salave Gold Project Permitting Update
29/10/2021	Quarterly Report & Cashflow
23/09/2021	Change of Director Interest Notices - Appendix 3Y by 3
23/09/2021	Issue of Shares & Cleansing Notice
23/09/2021	Application for quotation of securities - BDG
17/09/2021	Change of Director's Interest Notice - Paul Cronin
17/09/2021	Change of Director's Interest Notice - Jonathan Battershill
17/09/2021	Change of Director's Interest Notice - Alberto Lavandeira
14/09/2021	Notification regarding unquoted securities - BDG
14/09/2021	Notification regarding unquoted securities - BDG
10/09/2021	Half Year Accounts
26/08/2021	MD&A and 30 June 2020 Unaudited Interim Statements
12/08/2021	Final Director's Interest Notice
12/08/2021	Results of Annual General Meeting
11/08/2021	AGM Resolutions Withdrawn
05/08/2021	Details of Company Address
29/07/2021	Quarterly Report & Cashflow
28/07/2021	Salave Environmental Impact Assessment Submitted
21/07/2021	Notification of cessation of securities - BDG
13/07/2021	Notice of Annual General Meeting/Proxy Form
13/05/2021	MD&A and 31 March 2021 Unaudited Financial Statements
11/05/2021	Change of Director's Interest Notice - Paul Cronin
11/05/2021	Change of Director's Interest Notice - Richard Monti
11/05/2021	Change of Director's Interest Notice - Jonathan Battershill
11/05/2021	Change of Director's Interest Notice - Alberto Lavandeira
05/05/2021	Cleansing Notice & Appendix 2A
23/04/2021	Quarterly Activities Report & Cashflow

Date	Announcement
16/04/2021	Change in substantial holding
31/03/2021	Appendix 4G
31/03/2021	Corporate Governance Statement
31/03/2021	FY20 Management Discussion & Analysis
31/03/2021	Annual Report
01/02/2021	Change in substantial holding
29/01/2021	Quarterly Activities Report and Cashflow
18/12/2020	Change in substantial holding
04/12/2020	Change in substantial holding
12/11/2020	MD&A and 30 September 2020 Unaudited Financial Statements
29/10/2020	Quarterly Activities Report & Cashflow
18/09/2020	Change of Director's Interest Notice - Monti
18/09/2020	Change of Director's Interest Notice - Cronin
18/09/2020	Change of Director's Interest Notice - Battershill
18/09/2020	Change of Director's Interest Notice - Lavandeira
16/09/2020	Issue of Shares & Appendix 2A
03/09/2020	Interim Half Year Financial Statements
26/08/2020	Becoming a substantial holder
25/08/2020	Cleansing Notice Placement
24/08/2020	Appendix 2A
24/08/2020	Black Dragon Gold completes Placement
18/08/2020	Proposed issue of Securities - BDG
18/08/2020	Black Dragon Gold completes Placement
13/08/2020	Trading Halt
12/08/2020	MD&A and 30 June 2020 Unaudited Interim Statements
29/07/2020	Quarterly Activities Report & Cashflow
09/07/2020	Results of AGM

Date	Announcement
10/06/2020	AGM Conference Call Dial in Details
10/06/2020	Chief Financial Officer Appointment
05/06/2020	Black Dragon Gold AGM Notice of Meeting & Proxy Voting Form
26/05/2020	Additional Corporate Governance Disclosure
25/05/2020	Use of Proceeds Update ASX Listing Rule 5.3.4
20/05/2020	Annual Reports 2018 & 2019
06/05/2020	Corporate Governance Manual
06/05/2020	Corporate Governance Update
30/04/2020	BDG March 2020 Quarterly Management Discussion and Analysis
30/04/2020	BDG Quarterly Interim Financial Results March 2020
21/04/2020	Black Dragon Gold Quarterly Report and Cashflow Statement
06/04/2020	Change of Director's Interest Notice - Paul Cronin
01/04/2020	Black Dragon Gold FY19 Management Discussion and Analysis

The following documents are available for inspection throughout the period of the Offers during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Articles; and
- (c) the consents referred to in Section 6.16 and the consents provided by the Directors to the issue of this Prospectus.

6.3 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

6.4 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

6.5 Market price of Shares

The highest and lowest closing market sale prices of the CDIs on ASX during the three months immediately preceding the date of the Offers, and the respective dates of those sales were:

- (a) Lowest: \$0.05 on 27 September 2021

(b) Highest: \$0.08 on 12 November 2021

The latest available market sale price of the CDIs on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.062 per CDI on 29 November 2021.

6.6 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

6.7 Substantial Shareholders

Based on available information as at the date of this Prospectus, those persons which together with their associates have a voting power in 5% or more of the quoted Securities on issue are set out below:

Substantial Shareholder	Number of CDIs	Voting power
Wilhelm K.T. Zours ¹	25,903,647	15.31%
David Michael ²	17,955,848	10.61%

Notes:

1. Mr Zours' holdings are divided among the following two entities of which he is the majority Shareholder:

- (a) Deutsche Balaton Aktiengesellschaft; and
- (b) Delphi Unternehmensberatung Aktiengesellschaft.

Mr Zours is the major Shareholder of Delphi Unternehmensberatung Aktiengesellschaft, which is the holding company of VV Beteiligungen Aktiengesellschaft, which is the major shareholder of Deutsche Balaton Aktiengesellschaft.

2. David Michael holds a relevant interest in the following entities:

- (a) Oceanic Capital Pty Ltd, the holder of 10,382,742 Shares;
- (b) Payzone Pty Ltd, the holder of 3,478,575 Shares; and
- (c) St Barnabas Investments Pty Ltd, the holder of 4,094,531 Shares.

6.8 Interests of Directors

(a) Director holdings of Securities

As at the Prospectus Date, the Directors do not hold any Securities other than as set out below:

Director	CDIs	Shares	%	Options
Jonathan Battershill ¹	2,550,824	Nil	1.51	1,633,334 ⁽²⁾
Alberto Lavandeira ³	1,548,027	Nil	0.91	1,100,000 ⁽⁴⁾
Paul Cronin ⁵	3,207,956	388,900	2.13	2,553,334 ⁽⁶⁾

Notes:

1. Mr Battershill's Securities are held by JJB Advisory Limited.
2. Mr Battershill's Options comprise of the following:
 - a. 1,000,000 unlisted Options exercisable at \$0.096 expiring on 7 September 2024;
 - b. 316,667 unlisted Options exercisable at \$0.33 expiring on 24 September 2027; and
 - c. 316,667 unlisted Options exercisable at \$0.45 expiring on 24 September 2027.
3. Mr Lavandeira's Securities are held directly.
4. Mr Lavandeira's Options comprise of the following:
 - a. 660,000 unlisted Options exercisable at \$0.096 expiring on 7 September 2024;
 - b. 220,000 unlisted Options exercisable at \$0.33 expiring on 24 September 2027; and
 - c. 220,000 unlisted Options exercisable at \$0.45 expiring on 24 September 2027.
5. Mr Cronin's Securities are held as follows:
 - a. 2,478,801 CDIs and 388,900 Shares held by Swellcap Ltd; and
 - b. 729,155 CDIs held by Mr Cronin directly.
6. Mr Cronin's Options comprise of the following:
 - a. 1,500,000 unlisted Options exercisable at \$0.096 expiring on 7 September 2024;
 - b. 526,667 unlisted Options exercisable at \$0.33 expiring on 24 September 2027; and
 - c. 526,667 unlisted Options exercisable at \$0.45 expiring on 24 September 2027.

At Completion of the Director Placement Offer, the Company anticipates the Directors will hold the following interest in Securities.

Director	CDIs	Shares	%	Options
Jonathan Battershill	2,550,824	Nil	1.16	1,633,334

Director	CDIs	Shares	%	Options
Alberto Lavandeira ¹	2,976,598	Nil	1.35	4,076,598
Paul Cronin ²	12,136,527	388,900	5.68	7,017,619

Notes:

1. Subject to Shareholder approval, Mr Lavandeira will receive 1,428,571 CDIs and 714,285 New Options under the Director Placement Offer.
2. Subject to Shareholder approval, Mr Cronin will receive 8,928,571 CDIs and 4,464,285 New Options under the Director Placement Offer.

(b) **Remuneration of Directors**

The Company's Articles provide that the Company may remunerate the non-executive Directors. No Director shall be paid any remuneration by the Company for his or her services as Director except as may be approved by Shareholders, in accordance with the Articles and applicable law.

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The table below summarises the remuneration provided to the Directors and their associated companies for the financial years ended 31 December 2019 and 31 December 2020, inclusive of directors fees, consultancy fees, share-based payments and superannuation.

Director	Financial year ended 31 December 2019 (GBP£)		Financial year ended 31 December 2020 (GBP£)	
	Fees & Consultancy	Securities based payments	Fees & Consultancy	Securities based payments
Jonathan Battershill ¹	£50,000	Nil	£50,000	Nil
Alberto Lavandeira ²	£30,000	Nil	£30,000	Nil
Paul Cronin ³	£75,000	Nil	£75,000	Nil

Notes:

1. Jonathan Battershill was appointed as a Non-Executive Chairman and Non-Executive Director on 10 July 2017.
2. Alberto Lavandeira was appointed as a Non-Executive Director on 10 July 2017.

3. Paul Cronin was appointed as Chief Executive Officer and Managing Director on 10 July 2017 but has transitioned to Executive Director as of 1 July 2019.

(c) **Additional information**

Other than as disclosed in this Prospectus, No Director of the Company (or entity in which they are a partner or director) has, or has had in the 2 years before the Prospectus Date, any interests in:

- (i) the formation or promotion of the Company; or
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (iii) the Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (i) any Director to induce him to become, or to qualify as, a Director; or
- (ii) any Director of the Company for services which he (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers.

6.9 Disclosure regarding other directorships

Mr Paul Cronin is a Non-Executive Director of Toronto Stock Exchange (**TSX**) listed Global Atomic Corporation, Managing Director of Adriatic Metals plc (ASX & LSE listed) and ASX listed Taruga Minerals Limited.

Mr Jonathan Battershill is currently a Managing Director at Canaccord Genuity UK and also serves as a Non-Executive Director of ASX listed Silver Mines Limited.

Mr Alberto Lavandeira is currently Chief Executive Officer and Executive Director of AIM and TSX listed Atalaya Mining plc.

6.10 Employee incentive plan

The Company does not presently have an employee incentive plan in place. The Company anticipates that it will adopt an employee incentive plan in due course. The material terms of any such employee incentive plan will be disclosed to Shareholders if and when such plan is adopted.

6.11 Related party transactions

- (a) The Company's policy in respect of related party arrangements is:
 - (i) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
 - (ii) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.
- (b) Cronin Agreement

In both 2019 and 2020, the Company entered into a consultancy agreement with Paul Cronin and Swellcap Limited (**Cronin Agreement**). Under the Cronin Agreement, Mr Cronin is engaged by the Company to provide consultancy services to the Company as an Executive Director.

The Company will also reimburse Mr Cronin for reasonable expenses necessarily incurred by him in the performance of the consultancy services. Mr Cronin will report to the Board in relation to his engagement and the provision of the CEO consultancy services, which include managing the business of the Company, implementing strategy and managing operational functions of the Company in the role of CEO and as directed by the Board.

Mr Cronin may terminate the Cronin Agreement without cause by providing 3 months written notice to the Company. The Company may terminate the Cronin Agreement immediately with cause or by providing 6 months written notice without cause. In the event the Company is the subject of a change of control transaction, Mr. Cronin is entitled to receive a transaction bonus equal to £150,000.

The board of the Company resolved to amend the role of Paul Cronin from Managing Director to Executive Director, and in recognition of this transfer of responsibility reduce the cash fees paid by 50% effective 1 July 2020 so that his annual salary is reduced to £75,000 per annum. Mr Cronin will remain the senior executive at the Company.

(c) Director Placement Offer

As set out in Section 1.4, Messrs Cronin and Battershill have provided firm commitments to the Company to subscribe for CDIs under the Director Placement Offer.

6.12 Expenses of Offers

The total estimated expenses of the SPP payable by the Company are set out below.

Item	Estimated cost (\$)
ASIC fees	3,206
ASX quotation fee	40,000
Broker fees	54,897
Legal fees Australia	25,000
Legal fees Canada	5,000
Printing, Online Website and Administration Fees	15,000
Total	143,103

Notes:

1. Brokers assisting with the Placement will be paid 6% of the gross proceeds of the Placement and 4% of the gross proceeds of the SPP raised from clients of the relevant brokers.
2. A further \$122,600 of costs will be incurred by the Company in connection with the Placement.

6.13 ASX waivers

The Company has been granted a waiver from ASX Listing Rule 7.3.9 to the extent necessary to permit the Corporation not to include a voting exclusion statement in the Notice of Meeting that excludes Shareholders who were invited to participate in the SPP from voting on the Resolution seeking approval under Listing Rule 7.1 to issue the SPP Options, on condition that the SPP is not underwritten, or if it is underwritten, the Corporation excludes any votes cast on that resolution by any proposed underwriter or sub-underwriter of the SPP.

6.14 Litigation and Claims

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

6.15 Interests of Promoters, Experts and Advisers

(a) No interest except as disclosed

Other than as set out below or elsewhere in this Prospectus, no persons or entity 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 holds at the Prospectus Date, or held at any time during the last two years, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (iii) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offer.

(b) Australian Share Registry

Computershare Investor Services Pty Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on industry standard terms and conditions.

(c) Canadian Share Registry

Computershare Investor Services Inc. has acted as the Company's transfer agent since 31 August 2007, and is paid for these services on industry standard terms and conditions.

(d) Canadian Legal Advisers

Sangra Moller LLP has acted as the Canadian solicitors to the Company in relation to the Prospectus and the Offers. The Company estimates it will pay Sangra Moller LLP \$5,000 for these services.

Subsequently, fees will be charged in accordance with normal charge out rates.

Sangra Moller LLP has received fees from the Company totalling CAD\$43,650 for legal services during the 24 months preceding lodgement of this Prospectus.

(e) **Australian Legal Advisers**

HWL Ebsworth Lawyers has acted as the Australian solicitors to the Company in relation to the Prospectus and the Offers. The Company estimates it will pay HWL Ebsworth Lawyers \$25,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

During the 24 months preceding lodgement of this Prospectus with ASIC, HWL Ebsworth Lawyers has provided legal services to the Company, the total value of these services was \$41,156.50. These services were in respect of the Company's previous capital raising activities and additional general corporate matters.

6.16 Consents

(a) **General**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any 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.

In light of the above, each of the parties referred to below:

- (i) does not make the Offers;
- (ii) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- (iii) only 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 and a statement contained in this Prospectus with the consent of that party as specified below; and
- (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

(b) **Australian Share Registry**

Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Australian Share Registry of the Company in the form and context in which it is named.

(c) **Canadian Legal Advisers**

Sangra Moller LLP has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as Canadian lawyers to the Company in relation to the Offers.

(d) **Australian Legal Advisers**

HWL Ebsworth has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as the Australian lawyers to the Company in relation to the Offers.

6.17 **Electronic Prospectus**

Pursuant to 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 issue of Securities in response to an electronic application form, subject to compliance with certain provisions. 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 email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this 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. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

7. Authorisation

This Prospectus is authorised by the Company and lodged with ASIC pursuant to section 718 of the Corporations Act.

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

This Prospectus is signed for and on behalf of the Company by:

Jonathan Battershill
Non-Executive Chairman
Black Dragon Gold Corp.

Dated: 30 November 2021

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

A\$ or \$	means Australian dollars.
Applicant	means a person who submits an Application Form.
Application	means a valid application for Securities under the Offers made pursuant to an Application Form.
Application Form	means an application form attached to this Prospectus.
Application Monies	means application monies for CDIs under the SPP received and banked by the Company.
ASIC	means the Australian Securities and Investments Commission.
ASX	means Australian Securities Exchange Limited (ACN 008 624 691) or, where the context requires, the financial market operated by it.
Articles	means the articles of association of the Company as at the date of this Prospectus and as may be amended from time to time.
ASX Settlement Rules	means ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ACN 008 504 532).
BCBCA	means the Business Corporations Act [SBC 2002] Chapter 57.
Board	means the board of Directors of the Company as constituted from time to time.
CDI Holder	means a holder of CDIs.
CDIs	means CHESS Depository Interests issued by the Company, where each CDI represents a beneficial interest in one Share.
CDN	means CHESS Depository Nominees Pty Ltd (ABN 75 071 346 506) (AFSL 254514), in its capacity as depository of the CDIs under the ASX Settlement Operation Rules.
CHESS	means the Clearing House Electronic Subregister System.
Closing Date	means the date specified as the closing date of the Offers in the Indicative Timetable (as varied by the Company).
Company	means Black Dragon Gold Corp. (ARBN 625 522 250).
Constitution	means the constitution of the Company as at the Prospectus Date.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
CSA	means the Canadian securities regulatory authorities.

Derivative Action	has the meaning given in Section 5.5.
Director CDIs	means the CDIs offered under the Director Placement Offer.
Director Options	means the New Options offered under the Director Placement Offer.
Director Placement Offer	means the offer under this Prospectus for up to 10,357,143 CDIs to specified Directors at an issue price of \$0.056 each, with the proposal to issue one free-attaching New Option for every two CDIs issued, subject to and conditional on the receipt of Shareholder approval at the General Meeting.
Director Securities	means the Securities offered under the Director Placement Offer.
Directors	means the directors of the Company.
EIA	means Environmental Impact Assessment.
EIS	means Environmental Impact Statement.
Eligible Shareholder	means a person registered as the holder of CDIs as at the Record Date whose registered address is in Australia or, subject to the offer restrictions in Section 1.14, New Zealand.
EMC	means Exploraciones Mineras del Cantábrico, S.L. incorporated in the Commercial Registry of Asturias, Spain, ((CIF) B-28.371.656).
General Meeting	means the General Meeting of the Company proposed to be held on 23 December 2021.
Indicative Timetable	means the indicative timetable for the Offers on page vi of this Prospectus.
Ineligible Foreign Shareholders	means a person who is not an Eligible Shareholder.
JORC Code	means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, effective December 2012.
Listing Rules	means the listing rules of ASX.
MI 61-101	means the Multilateral Instrument 61-101 – Protection of <i>Minority Security Holders in Special Transactions</i> .
Mineral Resource	has the meaning given to that term in the JORC Code
Mineral Resource Estimate	has the meaning given to that term in the JORC Code

New Option	means an Option to be issued under this Prospectus, exercisable at \$0.10 and expiring at 5.00pm (WST) on 31 December 2023, on the terms and conditions in Section 5.6.
Offer Price	means the price at which each CDIs is offered under the SPP, of \$0.056.
Offers	means the SPP Options Offer, Placement Options Offer and Director Placement Offer and Offer means any one of such Offers, as applicable.
Official Quotation	means official quotation by ASX in accordance with the Listing Rules.
Opening Date	means the date specified as the opening date of the Offers in the Indicative Timetable (as varied by the Company).
Option	means an option to acquire a Share.
Placement	means the placement undertaken by the Company as announced on 18 November 2021 and completed on 25 November 2021, comprised of the issue of 33,035,730 CDIs at an issue price of \$0.056 each, with the proposal to issue one free-attaching New Option for every two CDIs issued, subject to and conditional on the receipt of Shareholder approval at the General Meeting.
Placement CDIs	means the CDIs issued under the Placement.
Placement Options	means the New Options proposed to be issued pursuant to the Placement Options Offer.
Placement Options Offer	means the offer under this Prospectus for up to 21,696,429 New Options, subject to and conditional on the receipt of Shareholder approval at the General Meeting.
Placement Participants	means persons who participated in the Placement.
Placements	means the Placement and the Director Placement.
Prospectus	means this prospectus dated the Prospectus Date.
Prospectus Date	means 30 November 2021.
Record Date	means 5.00pm (WST) on the record date identified in the Indicative Timetable.
Relevant Interest	has the meaning given in the Corporations Act.
Salave Gold Project or Project	means the five mining concessions comprising the Company's Salave gold project, located in the Asturias region in Spain.
Section	means a section of this Prospectus.
Securities	means Shares, CDIs or Options, as the context requires.

Share	means an ordinary fully paid share in the capital of the Company.
Share Registry or Computershare	means Computershare Investor Services Pty Limited (ACN 078 279 277).
Shareholder	means any person holding Shares or CDIs.
Shareholder Proposal	means, under Canadian law, a document setting out a matter that the submitter proposes to have considered at the next annual general meeting of the Company.
Sheridan	means John Patrick Sheridan.
Securities	means equity securities in the Company, and includes CDIs, shares and Options.
Spanish Mining Act	means Law 22/1973 of 21 July 1973, which governs the different types of mining resources, the authorisations and permits required and the applicable offences and sanctions
SPP	means an offer to Eligible Shareholders under a share purchase plan to raise up to \$2,287,357 before costs by the issue of up to 40,845,659 CDIs at \$0.056 each, with the proposal to issue one free-attaching New Option for every two CDIs issued.
SPP CDIs	means the CDIs proposed to be issued pursuant to the SPP Offer.
SPP Options Offer	means the offer under this Prospectus for New Options under the SPP, subject to and conditional on the receipt of Shareholder approval at the General Meeting.
SPP Offer Booklet	means the offer booklet for the SPP Offer.
SPP Options	means the New Options proposed to be issued pursuant to the SPP Options Offer.
SPP Options Offer	means the offers under this Prospectus to Eligible Shareholders to subscribe for one free-attaching New Option for every two CDIs issued, subject to and conditional on the receipt of Shareholder approval at the General Meeting.
SPP Subscribers	means Eligible Shareholders who subscribed for Securities under the SPP.
TMD	means target market determination.
WST	means Western Standard Time, being the time in Perth, Western Australia.