

Target Market Determination – Options Issue

Made by: Adelong Gold Limited (ACN 120 973 775) (**Issuer**)

Product: Options to acquire fully paid ordinary shares in the Issuer (**Options**) to be issued under a transaction specific prospectus dated 2 April 2024 and as amended by a supplementary prospectus dated 21 May 2024 (**Prospectus**)

Effective date: 2 April 2024, as updated on 21 May 2024

1. Background

This target market determination (**TMD**) has been produced by the Issuer in relation to an offer to issue the Options made by the Issuer under the Prospectus pursuant to section 713 of the *Corporations Act 2001* (Cth) (**Act**) and has been designed to help investors understand for whom the offer of Options is most suitable for.

This TMD sets out the class of consumers for which the Options would likely be consistent with their financial objectives, the distribution conditions and restrictions imposed on the distribution of the Options, as well as reporting requirements for distributors in accordance with the requirements of section 994B of the Act.

A copy of the Prospectus is available on the Issuer's website, www.adelonggold.com. The offer of Options will be made under, or accompanied by, a copy of the Prospectus. Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their stockbroker, accountant, solicitor and/or other professional adviser if they have any questions regarding the contents of the Prospectus. This TMD is not a disclosure document for the purposes of the Act and does not provide a full summary of the product features or terms of the Options.

This TMD is not to be used except for the purpose of a regulated person complying with their obligations under Part 7.8A of the Act. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. This TMD is not intended to provide you with financial advice or take into account your objectives, financial situations or needs. Unless otherwise defined in this TMD, capitalised terms have the meaning given to them in the Prospectus.

2. Product information

The key features of the Options are as follows:

- Offer** As announced by the Issuer on 6 March 2024:
- (a) a share purchase plan in which eligible shareholders could subscribe for up to \$30,000 worth of Shares at an issue price of \$0.004 per Share (**SPP**) with, subject to obtaining shareholder approval, the following free attaching Options:
 - (i) one Option exercisable at \$0.008 and expiring five years after the date of issue, where the expiry date was



amended to 1 May 2029 pursuant to the Supplementary Prospectus (**\$0.008 Option**); and

- (ii) one Option exercisable at \$0.02 and expiring on 30 June 2026 (**\$0.02 Option**),

for every one Share issued under the SPP (being the **SPP Options**); and

- (b) a placement of 275,000,000 Shares at \$0.004 per Share (**Placement**) with, subject to obtaining shareholder approval, the following free attaching Options:

- (i) one \$0.008 Option; and

- (ii) one \$0.02 Option,

for every one Share issued under the Placement (being the **Placement Options**).

The Issuer is also offering the following Options:

- (a) 20,000,000 \$0.008 Options to GBA Capital Pty Ltd (**Lead Manager Options**); and

- (b) 45,000,000 \$0.008 Options to directors, a former director and management of the Issuer (**Director and Management Options**).

The SPP Options, the Placement Options, the Lead Manager Options and the Director and Management Options will be offered pursuant to the Prospectus.

Eligibility

Only:

- (a) shareholders of the Issuer who subscribed for Shares under the SPP:
 - (i) who were a registered holders of Shares as at 7.00pm (AEDT) on 5 March 2024 (being the record date for the SPP) (**Record Date**);
 - (ii) whose registered address was in Australia or New Zealand;
 - (iii) who is not in the United States nor acting for the account or benefit of a person in the United States or elsewhere outside Australia and New Zealand; and



(iv) who does not hold Shares on behalf of another person who resides outside Australia or New Zealand (unless they hold Shares in an eligible capacity); and

(b) participants in the Placement;

(c) GBA Capital Pty Ltd; and/or

(d) directors and management of the Issuer,

are entitled to participate in the offer of \$0.008 Options and \$0.02 Options under the Prospectus.

Exercise price The exercise price for the Options will be:

(a) for the \$0.008 Options, \$0.008; and

(b) for the \$0.02 Options, \$0.02.

Expiry date The expiry date for the Options will be:

(a) for the \$0.008 Options, 1 May 2029; and

(b) for the \$0.02 Options, 30 June 2026.

An Option not exercised before the expiry date will automatically lapse at that time.

Exercise period The Options are exercisable at any time on or prior to the relevant expiry date.

Shares issued on exercise Shares issued on exercise of the Options will rank equally in all respects with the then issued shares in the Issuer.

Transferability The Options are transferable with the prior written consent of the Board.
The Issuer, subject to compliance with ASX rules, will apply for quotation of the SPP Options, the Placement Options, the Lead Manager Options and the Director and Management Options.

3. Target market

The objectives, financial situation and needs of investors which are suitable for investment in the Options and an explanation of why those particular financial circumstances are suitable are provided below:

Class of retail clients that comprise the target market The target market is only those persons who satisfy the eligibility requirements to participate as set out above namely:

(a) existing shareholders of the Issuer who subscribed for Shares under the SPP;



- (b) who were registered holders of Shares as at the Record Date;
- (c) whose registered address was in Australia or New Zealand;
- (d) who is not in the United States nor acting for the account or benefit of a person in the United States or elsewhere outside Australia and New Zealand;
- (e) who does not hold Shares on behalf of another person who resides outside Australia or New Zealand (unless they hold Shares in an eligible capacity); and
- (f) participants in the Placement, GBA Capital Pty Ltd or directors and management of the Issuer.

Investment objective

As the Options may be exercised at any time prior to the expiry date, which will be no later than:

- (a) for the \$0.008 Options, 1 May 2029; and
- (b) for the \$0.02 Options, 30 June 2026,

the Issuer expects that an investment in the Options will be suitable to investors who wish to have the right, but not the obligation, in the medium to long term (being to the relevant expiry date above) to acquire the Issuer's shares.

Investment timeframe

The target market of investors will take a medium to long term outlook in relation to their investment in the Issuer, and are in a financial position that is sufficient for them to invest their funds over a time period of up to the relevant expiry date set out above should they wish to exercise their Options.

Investor suitability metrics

While the Issuer does not have an established eligibility framework for Investors based on metrics such as employment status, income levels, age or an expected return or volatility, it is expected that the target market of investors will be those investors that wish to obtain optionality for exposure to the Issuer's ongoing operations.

Risk

The Issuer considers that an investment in the Options will have a different risk profile to a direct upfront investment in shares, including due to the fact that there is no obligation to exercise the Options. Investors should also have a sufficient level of financial literacy to understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Issuer.



The Options are not suitable for investors who do not understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Issuer.

The Issuer has assessed the Options and formed the view that the Options, including the key attributes set out in Section 2, is likely to be consistent with the objectives, financial situation and needs of investors in the target market as described above in this Section 3.

4. **Distribution conditions**

The offer of the Options under the Prospectus is being made to:

- (a) Eligible Shareholders;
- (b) participants in the Placement that are 'exempt' investors or 'sophisticated' investors who satisfy the requirements of either s708(2), s708(8), s708(10) or s708(11) of the Corporations Act;
- (c) GBA Capital Pty Ltd; and
- (d) Directors, a former director and management of the Issuer.

The Prospectus will include jurisdictional conditions on eligibility. The Options will also be subject to the distribution condition that retail investors will be provided with a copy of the Prospectus and access to this TMD before they apply for the Options.

5. **Review triggers**

The Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the Options will no longer be available for investment under the Prospectus. It follows that the TMD will only apply in the period between the commencement of the offer of the Options under the Prospectus and three months following the Closing Date (**Offer Period**), after which the TMD will be withdrawn.

To allow the Issuer to determine whether circumstances exist that indicate this TMD is no longer appropriate and that distribution of the Options should cease, the following review triggers will apply for the Offer Period:

- (a) there is a material change to the Options' key attributes that make it no longer consistent with the likely objectives, financial situation and needs of clients in the target market;
- (b) the Issuer lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus;
- (c) the occurrence of a significant dealing in Options that is not consistent with this TMD;
- (d) the Issuer identifies a substantial divergence in how the Options are being distributed and purchased from this TMD;
- (e) an unexpectedly high number of complaints are received from customers that indicate the Options are not suitable for the target market or the product is not being distributed to the target market; and



- (f) material changes to the regulatory environment that applies to an investment in the Options. The Issuer may also amend this TMD at any time.

6. Review

If a review trigger occurs during the Offer Period, the Issuer will undertake a review of the TMD in light of the review trigger as soon as reasonably practicable and, in any case, within 10 business days of the review trigger occurring.

Periodic reviews of the TMD will occur regularly during the Offer Period, noting that the offer period for Eligible Shareholders, the Placement participants, GBA Capital Pty Ltd or directors and management of the Issuer, is less than one month. If the Offer Period is extended, the TMD will in addition be reviewed on a monthly basis.

7. Reporting requirements

As the Issuer is not appointing external distributors of the Options in respect of retail clients, the Issuer will consider any of the following matters:

- (a) complaints received by the Issuer in relation to the Options;
- (b) significant dealings in the Options which are inconsistent with this TMD;
- (c) any dealings outside the target market (to the extent that the Issuer is aware of such dealings); and
- (d) the conduct of the Issuer under this TMD.

Where relevant, the Issuer will consider any of the above matters and determine appropriate steps that will be taken including, where appropriate, reporting of matters to ASIC.

This TMD has been authorised for release by the board of directors of Adelong Gold Limited.

