



SECOND SUPPLEMENTARY PROSPECTUS

1. Important Information

This is a second supplementary prospectus (**Second Supplementary Prospectus**) intended to be read with the Second Replacement Prospectus dated 1 December 2017 (**Second Replacement Prospectus**) and the supplementary prospectus dated 27 February 2018 (**Supplementary Prospectus**) issued by Tao Commodities Limited ACN 618 935 372 (**Company**).

This Second Supplementary Prospectus is dated 19 March 2018 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Second Supplementary Prospectus.

Other than as set out below, all details in relation to the Second Replacement Prospectus and Supplementary Prospectus remain unchanged. Unless the context otherwise requires, defined terms and abbreviations used in this Second Supplementary Prospectus have the same meanings as given to them in the Second Replacement Prospectus.

To the extent of any inconsistency between this Second Supplementary Prospectus, the Supplementary Prospectus and the Second Replacement Prospectus, the provisions of this Second Supplementary Prospectus prevail.

This Second Supplementary Prospectus will be issued with the Supplementary Prospectus and the Second Replacement Prospectus as an electronic prospectus and may be accessed on the Company's website at www.taocommodities.com.au.

This Second Supplementary Prospectus, the Supplementary Prospectus and the Second Replacement Prospectus are important documents that should be read in their entirety. If you do not understand it you should consult your professional advisers without delay.

2. Reasons for Second Supplementary Prospectus

The purpose of this Second Supplementary Prospectus is to provide updated disclosure in relation to the status of the Proceedings (defined in Section 12 below) and to make consequential changes to the Second Replacement Prospectus.

3. Update on Disputes

3.1 Settlement of Disputes

The Second Replacement Prospectus is amended by deleting paragraph 2.20 and replacing it with the following:

2.20 Settlement of Disputes

On 15 March 2018 the Company and the Vendor executed a deed of settlement and release pursuant to which the Company and the Vendor agreed to settle the Disputes.

By way of summary, the Vendor and the Company have agreed:

- (a) to dismiss the Proceedings;
- (b) that the Company will issue an additional 509,167 Shares and 2,000,000 Options to the Vendor which are to be escrowed for 24 months;
- (c) to bear their own Costs; and
- (d) release and discharge each other from all Claims arising out of or in connection with the Disputes.

A full summary of the material terms of the settlement can be found at Section 10.10 below.

4. Investment Overview

Section 2.1 of the Second Replacement Prospectus is amended by deleting the row in the table titled "Lead Manager Arrangements" and replacing it with the following.

Lead Manager Arrangements	<p>The Company has entered into a mandate with GTT Ventures Pty Ltd (GTT) under which GTT will act as lead manager to the Offer (Lead Manager Mandate).</p> <p>Pursuant to the Lead Manager Mandate, the Company will pay GTT the following fees in respect of its services as lead manager to the Offer:</p> <ul style="list-style-type: none">• a management fee of 1% (plus GST) of the total proceeds raised under the Offer;• a capital raising fee of 5% (plus GST) on funds raised by GTT in respect of the Offer; and• \$50,000 (plus GST) and 2,990,833 Shares (to GTT or its nominee) for lead broker services upon successful completion of the Offer. The balance of 509,167 Shares to be issued to GTT (or its nominees) under the Lead Manager Mandate are to be issued to the Vendor (as GTT's nominee) in order for the Company to comply with the Deed of Settlement. See Section 2.10(c), 2.7 and 10.10 below for more information regarding these Shares. <p>The Company will also engage GTT as its corporate advisor for a period of 18 months from the date of acquisition of the Project for a fee of \$10,000 per month.</p> <p>Patric Glovac, a Director of the Company, is a director and shareholder of GTT.</p> <p>For further details, refer to Sections 2.10 and 10.7.</p>	Sections 2.10 and 10.7
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5. Capital Structure

Section 2.7 of the Second Replacement Prospectus is deleted and replaced with the following:

The capital structure of the Company following completion of the Offer is summarised below:

Shares¹	Number
Shares currently on issue ²	3,000,000
Shares to be issued to the Vendor ³	1,009,167
Shares to be issued to Lead Manager (or its nominees) ⁴	2,990,833
Shares to be issued pursuant to the Offer	23,750,000
Total Shares on completion of the Offer and Acquisition	30,750,000

Options⁵	Number
Mr Bruce McFarlane	2,000,000
Current directors of the Company (or their nominees)	8,000,000
Former directors of the Company (or their nominees)	1,000,000
Total Options on completion of the Offer	11,000,000

1. The rights attaching to the Shares are summarised in Section 11.1.
2. The Shares currently on issue were issued at incorporation of the Company on 5 May 2017.
3. 500,000 Shares are to be issued to the Vendor as consideration for the Acquisition pursuant to the Share Purchase Agreement described in Section 10.1. The Vendor will also receive an additional 509,167 Shares as consideration for the Acquisition in accordance with the Deed of Settlement. 509,167 of the Shares to be issued to GTT (or its nominees) under the Lead Manager Mandate are to be issued to the Vendor (as GTT's nominee) in order for the Company to comply with the Deed of Settlement. Refer to Sections 2.10 and 10.7 for the terms and conditions of the Lead Manager Mandate and Sections 2.20 and 10.10 for the terms and conditions of the Deed of Settlement and note 4 below.
4. Shares to be issued to GTT (or its nominees). In respect of the remaining 509,167 Shares please refer to note 3 above.
5. The full terms and conditions of the Options are set out in Section 11.2.

6. Substantial Shareholders

The second table in Section 2.8 of the Second Replacement Prospectus is deleted and replaced with the following table:

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Shareholder	Shares	Options	Percentage Holding (undiluted)	Percentage Holding (fully diluted)
Syracuse Capital Pty Ltd <Tenacity A/C> ¹	1,000,000	Nil	3.25%	2.40%
Mounts Bay Investments Pty Ltd <Calver Capital A/C> ²	1,000,000	Nil	3.25%	2.40%
Kcirtap Securities Pty Ltd <N&P Glovac Family A/C> ³	1,000,000	3,000,000	3.25%	9.58%
GTT Ventures Pty Ltd or its nominees	2,990,833	Nil	9.73%	7.16%
Syracuse Capital Pty Ltd <Tenacity A/C>, Mounts Bay Investments Pty Ltd <Calver Capital A/C>, Kcirtap Securities Pty Ltd <N&P Glovac Family A/C> and GTT Ventures Pty Ltd	5,990,833	3,000,000	19.48%	21.53%

1. This entity is controlled by Rocco Tassone, a director of GTT.
2. This entity is controlled by Mr Charles Thomas, a director of GTT.
3. This entity is controlled by Mr Patric Glovac, a Director of the Company and a director of GTT.

In light of the Takeover Panel's decision (referred to in Section 2.18 below) and out of an abundance of caution, Mr Glovac has taken the view that as at the date of this Prospectus, he considers himself an "associate" in respect of the stated shareholdings in the Company. The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

7. Restricted Securities

Paragraph (k) in Section 2.9 of the Second Replacement Prospectus is deleted and replaced with the following paragraph:

- (k) 2,990,833 Shares for 24 months from the date of official quotation (primarily held by GTT and/or its nominees); and

Paragraph (l) in Section 2.9 of the Second Replacement Prospectus is deleted and replaced with the following paragraph:

- (l) 1,009,167 Shares for 24 months from the date of official quotation (held by the Vendor or his nominee(s)).

The paragraph after paragraph (l) is deleted and replaced with the following paragraph:

It is estimated that 11,000,000 Options will be subject to escrow for 24 months from the date of Official Quotation. These Options are held by the Directors (or their nominee(s)), promoters, a former director and the Vendor. Please refer to the table in section 2.7 for further details.

8. Lead Manager

Paragraph 2.10(c) of the Second Replacement Prospectus is deleted and replaced with the following paragraph.

- (c) \$50,000 (plus GST) together with the issue of 2,990,833 Shares to GTT (or its nominee/s) for lead broker services upon successful completion of the capital raise linked to the Offer. It is noted that the Lead Manager Mandate provides that

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3,500,000 Shares are to be issued to GTT (or its nominees) in respect of the Offer. The balance of 509,167 Shares under the Lead Manager Mandate are to be issued to the Vendor (as GTT's nominee) in order for the Company to comply with the Deed of Settlement.

9. Disclosure of Interests

The table in paragraph 2.16 of the Second Replacement Prospectus is deleted and replaced with the following table:

Director	Remuneration ¹	Shares ²	Options ³
Mark Connelly	\$60,000	Nil	3,000,000
Patric Glovac	\$84,000	1,000,000 ⁴	3,000,000 ⁵
Jason Brewer	\$36,000	Nil	2,000,000

1. Refer to Section 2.6 for details of accrued director / staff fees which will be repaid out of Offer funds.
2. The Directors do not intend to participate in the Offer.
3. The Options will be issued subject to completion of the Offer to the Directors or their nominees. Refer to Section 11.2 for the full terms of the Options.
4. These Shares are held by an entity which Mr Glovac controls as set out in Section 2.8.
5. Mr Glovac will receive 3,000,000 Options and will nominate the Vendor as nominee under his employment agreement to receive 2,000,000 Options in order for the Company to comply with the Deed of Settlement. (See Section 10.4 for a summary of the material terms of Mr Glovac's employment agreement.)

10. Disclosure Regarding GTT

The first paragraph of Section 2.18 of the Second Replacement Prospectus is deleted and replaced with the following paragraph:

The directors of GTT are Mr Glovac, Mr Rocco Tassone and Mr Charles Thomas. Mr Glovac is a director of Kcirtap Securities Pty Ltd, Mr Tassone is the sole director of Syracuse Capital Pty Ltd and Mr Thomas is the sole director of Mounts Bay Investments Pty Ltd. As set out in the tables in Section 2.8 above, GTT and Messrs Glovac, Tassone and Thomas (via Kcirtap Securities Pty Ltd, Syracuse Capital Pty Ltd and Mounts Bay Investments Pty Ltd, respectively) will in aggregate (at completion of the Offer on an undiluted basis) hold approximately 19.48% of the issued capital of the Company.

11. Material Contracts

The Second Replacement Prospectus is amended by adding a new Section 10.10 as follows:

10.10 Deed of Settlement and Release

Pursuant to a deed of settlement and release between the Company and the Vendor executed on 15 March 2018, the Vendor and the Company (**Parties**) agreed to settle the Disputes and release each other from all Claims and Costs (**Deed of Settlement**).

The material terms of the Deed of Settlement are as follows.

This is a Second Supplementary Prospectus intended to be read with the Second Replacement Prospectus dated 1 December 2017 and the Supplementary Prospectus dated 27 February 2018 issued by Tao Commodities Ltd.

(a) Conditions Precedent to Binding Settlement

The following conditions precedent must be satisfied for the settlement pursuant to the Deed of Settlement to be effective:

- (i) within 5 Business Days of the close of the Offer under the Second Replacement Prospectus (as supplemented by the Supplementary Prospectus and the Second Supplementary Prospectus), the Company must allot and issue the Settlement Shares to the Vendor;
- (ii) within 5 Business Days of the close of the Offer under the Second Replacement Prospectus (as supplemented by the Supplementary Prospectus and the Second Supplementary Prospectus), the Company must allot and issue the Settlement Options to the Vendor;
- (iii) the Company issue all of the securities to be issued under the Second Replacement Prospectus (as supplemented by the Supplementary Prospectus and the Second Supplementary Prospectus);
- (iv) the Vendor provide, within 2 Business Days of the execution of the Deed of Settlement, a new restriction agreement to the Company in respect of the Settlement Options and Settlement Shares; (Note, the Vendor has provided the restriction agreement in accordance with the Deed of Settlement.)
- (v) within 3 Business Days after the execution of the Deed of Settlement, the Parties must sign and file documents with the Supreme Court and Court of Appeal (as appropriate) a minute of orders proposing by consent that the action or appeal (as the case may be) be:
 - (a) stayed until further order;
 - (b) there be liberty to apply; and
 - (c) costs reserved (**Stay Documents**). (Note, the Parties have signed and filed the Stay Documents in accordance with the Deed of Settlement.)
- (vi) the Vendor provide, within 5 Business Days of the execution of the Settlement Deed, all documentation in draft form to effect the dismissal of the Proceedings (**Dismissal Documents**); (Note, the Vendor has provided the Dismissal Documents to the Company in accordance with the Deed of Settlement);
- (vii) the Parties must within 7 Business Days of the execution of the Deed of Settlement agree and sign the Dismissal Documents; (Note, the Parties have agreed and signed the Dismissal Documents in accordance with the Deed of Settlement);
- (viii) the Company provide the Vendor with a copy of the letter from the ASX that confirms that subject only to the Dismissal Documents being filed with the Court and Court of Appeal (as appropriate) the Company will be admitted to the official list of the ASX by 27 May 2018 (**ASX Letter**); and
- (ix) the Parties agree that the Dismissal Documents will be held in escrow dealt with in accordance with the Deed of Settlement (see (b) below for more details).

(b) Dismissal of Proceedings

The Dismissal Documents are to be in the following terms:

- (i) the action or appeal (as the case may be) be dismissed; and
- (ii) there be no order as to costs.

Subject to the conditions precedent in (a) above being satisfied, the Company's solicitors must file the Dismissal Documents with the Supreme Court or Court of Appeal (as appropriate).

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If the ASX Letter is not issued on or before 27 May 2018, the Company's solicitors must not file the Dismissal Documents and must destroy the Dismissal Documents.

(c) Mutual Releases and Discharges

The Parties agree:

- (i) to release and discharge each other from any and all Claims arising out of or in connection with the Disputes;
- (ii) in support of (i) above, not to bring or pursue a Claim or procure that a third party bring or pursue a Claim arising out of or in connection with the Disputes; and
- (iii) each party acknowledges the other Party is entitled to plead the Deed of Settlement in bar to any Claim arising out of or in connection with the Disputes commenced or prosecuted by on behalf of the other Party, its directors, officers, employees, contractors or agents.

(d) Share Purchase Agreement

The parties acknowledge and agree that:

- (i) the Vendor's purported terminations of the Share Purchase Agreement on 27 December 2017 and on 19 February 2018 are, and were, invalid and of no force or effect; and
- (ii) the Settlement Shares and Settlement Options that the Vendor is to receive pursuant to the Deed of Settlement are additional purchase consideration under the Share Purchase Agreement;
- (iii) the Share Purchase Agreement has been performed in full; and
- (iv) neither party has any further unperformed or undischarged obligations under the Share Purchase Agreement.

The Deed of Settlement otherwise contains provisions considered standard for an agreement of this type.

11.1 Share Purchase Agreement

Section 10.1 of the Second Replacement Prospectus is amended by the addition of the following sentence.

In addition, the Vendor will receive 509,167 Shares and 2,000,000 Options as consideration for the Acquisition pursuant to the Deed of Settlement. See Section 10.10 for a summary of the Deed of Settlement.

11.2 Employment Agreement – Executive Director (Patric Glovac)

Section 10.4(b) of the Second Replacement Prospectus is deleted and replaced with the following paragraphs:

- (b) the Company will pay Mr Glovac \$84,000 per annum plus statutory superannuation (following listing of the Company on the ASX), 5,000,000 Options (subject to completion of the Offer, to Mr Glovac or his nominee/s), and reimbursements for reasonable out of pocket expenses. Prior to the Company being listed on the ASX Mr Glovac will be paid no more than \$22,995.

It is noted that 2,000,000 of the Options will be issued to the Vendor as Mr Glovac will nominate the Vendor as nominee under his employment agreement in order for the Company to comply with the Deed of Settlement. See Section 10.10 for a summary of the Deed of Settlement.

This is a Second Supplementary Prospectus intended to be read with the Second Replacement Prospectus dated 1 December 2017 and the Supplementary Prospectus dated 27 February 2018 issued by Tao Commodities Ltd.

11.3 Lead Manager Mandate

Paragraph (a) (iii) of Section 10.7 of the Second Replacement Prospectus is amended by the addition of the following paragraph.

509,167 of the Shares to be issued to GTT (or its nominees) under the Lead Manager Mandate are to be issued to the Vendor as GTT's nominee in order for the Company to comply with the Deed of Settlement.

12. Glossary

The Glossary in Section 13 of the Second Replacement Prospectus is amended by the addition of the following definitions:

Claims means any and all actions, suits, claims, disputes, demands, and causes of action, whether legal or equitable, under statute or otherwise, and all liabilities of any kind (including liabilities that are prospective or contingent and liabilities the amount of which is not ascertained) and Costs, which the parties now have or at any time had.

Costs means all costs, fees, expenses and disbursements of any kind, whether or not the subject of a court order, and includes the Disputes and any costs liability in relation to the subpoena issued to John Fillmore on 25 January 2018 and under orders already made (but not yet performed and discharged) in actions CIV 3156 of 2017, including the Indemnity Costs Order, and in CIV 1008 of 2018, including the Specific Performance Order made on 7 February 2018.

Disputes means:

- (a) actions CIV 3156 of 2017 and CIV 1008 of 2018 in the Supreme Court of Western Australia, the appeals CACV 19 of 2018 and CACV 22 of 2018 in the Supreme Court of Western Australia Court of Appeal, the subpoena issued to John Fillmore on 25 January 2018 and the application to vacate the specific performance order purportedly made by letter dated 19 February 2018 and any application or proceeding to materially the same effect (together the **Proceedings**); and
- (b) any and all Claims or Costs arising in, out of or in connection with the Proceedings, their subject matter, the Share Purchase Agreement or the Second Replacement Prospectus (as supplemented by the Supplementary Prospectus).

Settlement Shares means 509,167 fully paid ordinary Shares in the Company to be issued to the Vendor pursuant to the Settlement Deed.

Settlement Options means 2,000,000 options to purchase Shares in the Company to be issued to the Vendor pursuant to the Settlement Deed.

Specific Performance Order means the order made on 7 February 2018, in action CIV 1008 of 2018, by the Supreme Court for specific performance, ordering the Vendor, in effect, to perform and complete the Share Purchase Agreement.

Indemnity Costs Order means the order made by the Supreme Court on 30 January 2018 in action CIV 3156 of 2017 that the Vendor is to pay the Company's costs of the application to compel provision of an executed restriction agreement, including reserved costs, on a full indemnity basis save so far as the costs have been unreasonably incurred.

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13. Directors' Authorisation

This Second Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Second Supplementary Prospectus with ASIC.



Patric Glovac
Executive Director
For and on behalf of Tao Commodities Ltd

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