

FULLY UNDERWRITTEN ENTITLEMENT ISSUE

Breaker Resources NL (ASX: BRB, **Breaker**) is pleased to advise that the pro rata renounceable entitlement issue announced by the Company on 22 November 2013 (**Rights Issue**) will be fully underwritten. Patersons Securities Limited, who have been appointed as Underwriter and Lead Manager to the issue, have underwritten the full subscription amount of \$1.58 million (before costs).

The Rights Issue is to be conducted on the following basis:

- ✦ One (1) new fully paid ordinary share (**Share**) for every four (4) existing Shares held at the record date at an issue price of \$0.11 per Share;
- ✦ For every 2 Shares issued under the Rights Issue, subscribers will receive 1 free attaching option (exercise price \$0.25; expiry date 31 December 2014) and 1 partly paid share (payable to \$0.01 upon application; fully paid up at \$0.20; no call for at least 4 years); and
- ✦ Eligible shareholders to comprise those with a registered address in Australia, New Zealand or Germany as at the record date.

A prospectus document providing all details of the Rights Issue has today been lodged with the Australian Securities and Investment Commission and follows this announcement. A copy of the prospectus, together with the Entitlement and Acceptance Form, will be dispatched to all eligible shareholders on 6 December 2013, as per the timetable* outlined below.

| | |
|---|------------------|
| Lodgement of Prospectus with the ASIC & ASX | 25 November 2013 |
| Notice sent to Optionholders | 25 November 2013 |
| Notice sent to Shareholders | 27 November 2013 |
| Ex date | 28 November 2013 |
| Rights start trading | 28 November 2013 |
| Record Date for determining Entitlements | 4 December 2013 |
| Prospectus sent out to Shareholders & Company announces this has been completed | 6 December 2013 |
| Rights stop trading | 13 December 2013 |
| Securities quoted on a deferred settlement basis | 16 December 2013 |
| Closing Date | 20 December 2013 |
| ASX notified of under subscriptions | 24 December 2013 |
| Issue date/Securities entered into Shareholders' security holdings | 27 December 2013 |
| Quotation of Securities issued under the Offer | 30 December 2013 |

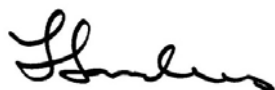
** Timetable is subject to change. Please see the Prospectus for details.*

The proposed use of funds raised under the Offer is set out below:

| Item | Proceeds of the Offer | Full Subscription (\$) | % |
|------|--|------------------------|-------------|
| 1. | Exploration – Dexter Project Drilling | 890,000 | 56 |
| 2. | Exploration – Other Project Activities | 296,000 | 19 |
| 3. | Expenses of the Offer | 143,530 | 9 |
| 4. | Working capital | 254,595 | 16 |
| | Total | 1,584,125 | 100% |

Breaker confirms that a ~4,000m reverse circulation drilling program at its 100% owned Dexter Gold Project is planned to commence on 27 November 2013.

Further information regarding the Rights Issue is available from the Company.



Tom Sanders
Executive Chairman
Breaker Resources NL

About Breaker

Breaker Resources NL is an Australian explorer company focused on the discovery of new gold deposits in the largely unexplored eastern half of Western Australia's Eastern Goldfields Superterrane (**EGST**), which accounts for 75% of Australia's gold endowment.

Breaker is one of the largest tenement holders in the EGST with a 100% interest in seven exploration projects with a total area of ~4,055km². The Company's projects target key structural positions on major crustal faults known to be instrumental in the formation of world class gold deposits in the well-explored western part of the EGST.

Multi-element auger soil surveys undertaken on all projects to screen for large gold deposit signatures have been effective in seeing through the sand cover and have led to the identification of eight large +10-20km gold-in-soil anomalies on seven projects. The Company's main exploration tool is the drill rig guided by modern geochemistry and infrared reflectance technology that enable cost-effective identification of gold alteration systems on a wide sample/drill hole spacing.

Breaker's primary focus is on the Dexter Project and on high priority soil targets on the Attila West and Mt Gill Projects on the Yamarna Shear Zone to the north of the Dexter Project.

For further information please contact:

Tom Sanders
Executive Chairman

Michelle Simson
Company Secretary

Breaker Resources NL – Tel: (08) 9226 3666; Email: breaker@breakerresources.com.au

BREAKER RESOURCES NL
ACN 145 011 178



Thomas Stephen Sandets
Executive Chairman

25/11/2013

ENTITLEMENT ISSUE PROSPECTUS

For a renounceable entitlement issue of 1 Share for every 4 Shares held by Shareholders registered at the Record Date at an issue price of \$0.11 per Share with 1 Partly Paid Share for every 2 Shares subscribed for at a total issue price of \$0.20 per Partly Paid Share paid to \$0.01 on application, together with 1 free attaching New Option for every 2 Shares subscribed for (**Offer**).

The Offer will initially raise up to \$1,584,125 (assuming maximum subscription) and a total of \$2,892,750 if all Partly Paid Shares are fully paid up in accordance with their terms.

The Offer and the Shortfall Offer is fully underwritten by Patersons Securities Limited (**Underwriter**). Refer to section 8.4(a) for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. This document may not be released or distributed in the United States.

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

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1. CORPORATE DIRECTORY

Directors

Thomas Sanders (Executive Chairman)
Mark Edwards (Non-Executive Director)
Michael Kitney (Non-Executive Director)

Company Secretary

Michelle Simson

Share Registry*

Advanced Share Registry Limited
Unit 2, 150 Stirling Highway
Nedlands 6009
Western Australia

Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871

Auditor

Rothsay Chartered Accountants
Level 1, Lincoln House
4 Ventnor Avenue
West Perth 6005
Western Australia

Registered Office

12 Walker Avenue
West Perth 6005
Western Australia

Telephone: +61 8 9226 3666
Facsimile: +61 8 9226 3668

Email: breaker@breakerresources.com.au
Website: www.breakerresources.com.au

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth 6000
Western Australia

Underwriter, Lead Manager and Nominee

Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
Perth 6000
Western Australia

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

2. TIMETABLE

| | |
|---|------------------|
| Lodgement of Prospectus with the ASIC & ASX | 25 November 2013 |
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| Closing Date* | 20 December 2013 |
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| Official Quotation of Securities issued under the Offer* | 30 December 2013 |

* The Directors may extend the Closing Date by giving at least six (6) Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

** The issue and trading of Partly Paid Shares may be deferred in the event the Company is unable to satisfy the ASX Listing Rules for the quotation of those Partly Paid Shares.

3. IMPORTANT NOTES

This Prospectus is dated 25 November 2013 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

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

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

3.1 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 7 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

3.2 Foreign jurisdictions

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The Offer is not being extended, and Securities will not be issued, to Shareholders with a registered address which is outside Australia, New Zealand and Germany. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

For further details in relation to foreign jurisdictions please refer to section 4.19 of this Prospectus.

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 and to whom the Offer is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This document 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.

European Economic Area - Germany

The information in this document has been prepared on the basis that all offers of Securities will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as implemented in Member States of the European Economic Area (each, a **Relevant Member State**), from the requirement to produce a prospectus for offers of securities.

An offer to the public of Securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- (a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose main business is to invest in financial instruments;
- (b) to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- (c) to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, **MiFID**);
- (d) to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- (e) to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company and any underwriter for any such offer; or
- (f) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Shares and New Options shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Prospectus nor any related documents may be distributed or released in the United States. The Securities have not been, nor will be, registered under the *US Securities Act of 1933* or the

securities laws of any state or other jurisdiction of the United States. The Securities may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the *US Securities Act of 1933* and the applicable securities laws of any state or other jurisdiction in the United States.

3.3 Nominee for Ineligible Shareholders

Patersons Securities Limited has been appointed as the Company's nominee for foreign shareholders for the purposes of ASX Listing Rule 7.7 for those foreign Shareholders who have been deemed ineligible to participate under the Offer (**Nominee**).

Pursuant to the arrangement with the Nominee, the Company will transfer to the Nominee the rights that would otherwise be issued to Ineligible Shareholders who either accept the Offer or are otherwise entitled to acquire such rights under the Offer and the Nominee will then sell those rights and provide the proceeds of those sales (net of expenses) to the Company (or the Share Registry). The Company will then distribute to each of those Ineligible Shareholders their proportion of the proceeds of the sale net of expenses.

The Company will pay the Nominee a brokerage fee of \$250 or 2% on the total gross dollar value of all securities sold, whichever is greater.

3.4 Application Monies

Any Applicant applying for Shares under this Prospectus must also apply for, and pay the initial application price of \$0.01 (\$0.20 being the total issue price), for one (1) Partly Paid Share for every two (2) Shares applied for. If you do not pay for your Entitlement in full (being \$0.11 per Share and \$0.01 per Partly Paid Share), you are deemed to have taken up your Entitlement in respect of such whole number of Shares and Partly Paid Shares which is equivalent to the amount represented by your Application Monies, even if the number of Shares and Partly Paid Shares issued does not equal the number applied for. Please refer to section 4.4 of this Prospectus for more information in relation to taking up your Entitlement.

3.5 Rounding

Fractional entitlements will be rounded up to the nearest whole number. All references to numbers of Securities to be issued pursuant to this Prospectus are expressed subject to rounding.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a renounceable entitlement issue of one (1) Share for every four (4) Shares held by Shareholders registered at the Record Date at an issue price of \$0.11 per Share. The Offer also includes one (1) Partly Paid Share for every two (2) Shares subscribed for under the Offer at a total issue price of \$0.20 with \$0.01 being payable upon application for each Partly Paid Share and the balance to be payable by calls made by the Company no earlier than four (4) years after the date of issue of the Partly Paid Share. Shareholders that subscribe for Shares under the Offer will also receive one (1) free attaching New Option for every two (2) Shares subscribed for under the Offer. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus and assuming all Entitlements are accepted, a maximum of 13,775,001 Shares, 6,887,501 Partly Paid Shares and 6,887,501 New Options will be issued pursuant to this Offer to initially raise up to approximately \$1,584,125. Assuming the Offer is fully subscribed and all Partly Paid Shares subsequently become fully paid then the Company will raise approximately \$2,892,750 under the Offer.

As at the date of this Prospectus the Company has 29,650,000 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 6.1 for further information regarding the rights and liabilities attaching to the Shares. Refer to section 6.2 of the Prospectus for information regarding the rights and liabilities attaching to the Partly Paid Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in section 6.3 of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in section 5.1 of this Prospectus.

4.2 No Liability Company and Partly Paid Shares

The Company is a no liability company. A no liability company has the following distinguishing characteristics to that of a publicly listed limited liability company:

- (a) a holder of shares (including partly paid shares) has no liability or obligation to pay any share capital, either while the company is a going concern or in its winding up;
- (b) a shareholder can elect to pay a call on shares – if the holder does not pay a call as and when made, the shares the subject of the call shall be forfeited; and
- (c) a no liability company's activities must be solely for mining purposes.

The Partly Paid Shares offered under the Offer will create a new class of securities in the Company. The Partly Paid Shares will rank equally with the Shares other than as set out in sections 6.1 and 6.2 of the Prospectus. Upon the Partly Paid Shares becoming fully paid, they shall rank equally in all respects with Shares.

4.3 What Eligible Shareholders may do

The number of Shares and Partly Paid Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement (refer to section 4.4);
- (b) take up all of their Entitlement and apply for additional Shares and Partly Paid Shares under the Shortfall Offer (refer to sections 4.4 and 4.16);
- (c) sell all or part of their Entitlements on ASX (refer to section 4.5);
- (d) take up a proportion of their Entitlement and sell the balance on ASX (refer to section 4.6);
- (e) take up a proportion of their Entitlement and allow the balance to lapse (refer to section 4.7);
- (f) sell all or a proportion of their Entitlement other than on ASX (refer to section 4.8); or
- (g) allow all or part of their Entitlement to lapse (refer to section 4.9).

4.4 Taking up all of your Entitlement

Should you wish to accept all of your Entitlement, then applications for Shares and Partly Paid Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque/bank draft for the Application Monies for the Shares and Partly Paid Shares indicated on the Entitlement and Acceptance Form.

Any Applicant applying for Shares under this Prospectus must also apply for, and pay the initial application price of \$0.01 (\$0.20 being the total issue price), for one (1) Partly Paid Share for every two (2) Shares applied for. There is no need to apply for the New Options as these are free attaching and will be automatically issued to an Applicant based on the number of Shares issued to that Applicant.

However, if you do not pay for your Entitlement in full (being \$0.11 per Share and \$0.01 per Partly Paid Share), you are deemed to have taken up your Entitlement in respect of such whole number of Shares and Partly Paid Shares which is equivalent to the amount represented by your Application Monies, even if the number of Shares and Partly Paid Shares issued does not equal the number applied for. By applying for Shares you are deemed to have applied for that number of corresponding Partly Paid Shares and New Options covered by your Entitlement. If your Application Monies only relate to the number of Shares applied for on your Application Form (i.e. they are not sufficient for the corresponding number of Partly Paid Shares) then the Company will only issue the amount of Shares and Partly Paid Shares which is represented by your Application Monies.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Breaker Resources NL — Subscription Account" and lodged and received at any time after the issue of this Prospectus and on or before 5:00pm (WST) on the Closing Date at the Share Registry (by delivery or by post) at:

By delivery Breaker Resources NL
 c/- Advanced Share Registry
 Unit 2, 150 Stirling Highway
 Nedlands WA 6009

By Post Breaker Resources NL
 c/- Advanced Share Registry
 PO Box 1156
 Nedlands WA 6909

If you wish to pay via BPAY® you must follow the personalised instructions in your Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in section 4.10.

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 3:00pm (WST) on the Closing Date.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

4.5 Selling all your Entitlement on ASX

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Securities under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 28 November 2013 and will cease on 13 December 2013.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

4.6 Taking up a proportion of your Entitlement and selling the balance on ASX

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares and Partly Paid Shares you wish to take up and follow the steps in section 4.4.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

4.7 Taking up a proportion of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares and Partly Paid Shares you wish to take up and follow the steps in section 4.4. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

4.8 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque/bank draft for the Shares and Partly Paid Shares they wish to subscribe for payable to "Breaker Resources NL - Subscription Account" and crossed "Not Negotiable" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the following address:

By delivery Breaker Resources NL
 c/- Advanced Share Registry
 Unit 2, 150 Stirling Highway
 Nedlands WA 6009

By Post Breaker Resources NL
 c/- Advanced Share Registry
 PO Box 1156
 Nedlands WA 6909

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS subregister you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares and Partly Paid Shares the transferee of the Entitlement wants to acquire must be received by the Share Registry in accordance with section 4.4.

4.9 Allow all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enables Eligible Shareholders who do not

wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

4.10 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law.

4.11 Minimum subscription

There is no minimum subscription under the Offer.

4.12 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Breaker Resources NL — Subscription Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque/bank draft must reach the Share Registry no later than 5:00pm WST on the Closing Date.

4.13 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares and Partly Paid Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 3:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any Application Monies received for more than your final allocation of Shares and Partly Paid Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

4.14 Underwriting

The Offer and Shortfall Offer is fully underwritten by the Underwriter. Refer to section 8.4(a) of this Prospectus for details of the terms of the underwriting.

4.15 Effect on control of the Company and potential dilution to Shareholders

The Underwriter presently is not a Shareholder or related party of the Company. The extent to which Securities are issued pursuant to the underwriting will determine the Underwriters' voting power in the Company. If the Offer is fully unsubscribed, no Securities are issued to sub-underwriters of the Offer and none of the Shortfall Securities are placed by the Underwriter, and assuming no other Shares are issued or Options exercised, then the Underwriter will have an approximate voting power in the Company of 20.40% (assuming the Partly Paid Shares remain paid up to \$0.01).

However, it is unlikely that no Shareholders will take up Entitlements under the Offer and that no sub-underwriters will take up their sub-underwriting commitments. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements taken up under the Offer and Shortfall Securities issued to third parties.

Mr Tom Sanders, a Director and substantial Shareholder of the Company, has agreed to partially sub-underwrite the Offer. Please refer to section 5.5 of this Prospectus for details of the sub-underwriting and the potential effect on his voting power.

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 20.40% (this includes Partly Paid Shares issued under the Offer and is compared to their holdings and number of Shares on issue as at the date of the Prospectus). In addition, if all Partly Paid Shares become fully paid and New Options are exercised then Shareholders who do not participate in the Offer may have their holdings diluted by up to 33.33%. Examples of how the dilution may impact Shareholders is set out in the table below:

| Holder | Holding as at Record date | % at Record Date | Entitlements under the Offer | Holding if Offer not taken up | % post Offer |
|---------------|---------------------------|------------------|---|-------------------------------|---------------|
| Shareholder 1 | 10,000,000 | 18.15% | 2,500,000 Shares and 1,250,000 Partly Paid Shares | 10,000,000 | 14.45% |
| Shareholder 2 | 5,000,000 | 9.07% | 1,250,000 Shares and 625,000 Partly Paid Shares | 5,000,000 | 7.22% |
| Shareholder 3 | 1,500,000 | 2.72% | 375,000 Shares and 187,500 Partly Paid Shares | 1,500,000 | 2.17% |
| Shareholder 4 | 400,000 | 0.73% | 100,000 Shares and 50,000 Partly Paid Shares | 400,000 | 0.58% |
| Shareholder 5 | 50,000 | 0.091% | 12,500 Shares and 6,250 Partly Paid Shares | 50,000 | 0.072% |
| Total | 55,100,004 | 100% | 13,775,001 Shares and 6,887,501 Partly Paid Shares | 55,100,004 | 79.60% |

Notes:

1. This only shows the dilution effect of Shares and Partly Paid Shares being offered under the Offer. Further dilution will occur if and as the Partly Paid Shares subsequently become fully paid or New Options are exercised.
2. The dilution effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed pursuant to the underwriting.

4.16 Shortfall Offer

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

Eligible Shareholders may apply for additional Shares and Partly Paid Shares (including free attaching New Options) under the Shortfall by completing the prescribed area on the Entitlement and Acceptance Form designated to the Shortfall and by paying the appropriate Application Monies in accordance with the instructions set out in the Entitlement and Acceptance Form.

Additionally, other investors who are not currently Shareholders who wish to participate in the Shortfall, may apply for Shortfall Securities using the Shortfall Application Form attached to this Prospectus by following the instructions set out on the Shortfall Application Form and paying the appropriate Application Monies.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the Closing Date. All Securities issued under the Shortfall Offer shall be issued on the same terms as Securities being offered under the Offer (including the issue price).

The Underwriter and the Directors, reserve the right to determine the allottees of the Shortfall Securities at their absolute discretion. As such there is no guarantee that participating parties will receive any additional Securities applied for under the Shortfall. The Directors and Underwriter reserve the right to issue to an Applicant a lesser number of Shortfall Securities than the number for which the Applicant applies, or to reject an Application, or to not proceed with placing the Shortfall. In that event, Application Monies will be refunded by the Company (without interest) in accordance with the provisions of the Corporations Act.

4.17 ASX listing

Application for Official Quotation of the Shares and New Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares and New Options offered pursuant to this Prospectus before the expiration of three (3) months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all Application Monies for the Securities within the time prescribed under the Corporations Act, without interest.

The Company intends for the Partly Paid Shares to be quoted on ASX. Accordingly, the Company will apply for Quotation of the Partly Paid Shares in accordance with the timetable set out at the commencement of this Prospectus. However, the quotation of the Partly Paid Shares is subject to the satisfaction of the ASX Listing Rules requirements (particularly in regards to spread). Accordingly, if the Company does not receive sufficient applications for Partly Paid Shares to satisfy these requirements (or does not otherwise satisfy the requirements), the Company will withdraw the application for Official

Quotation in respect of the Partly Paid Shares and the Partly Paid Shares will not be quoted and will remain unlisted, until such time as they are fully paid up or the Company can satisfy the ASX Listing Rule requirements.

If the Company does satisfy the ASX Listing Rule requirements in respect of the Partly Paid Shares and subsequently the ASX does not grant Official Quotation of the Partly Paid Shares offered pursuant to this Prospectus before the expiration of three (3) months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Partly Paid Shares and will repay all Application Monies for the Partly Paid Shares within the time prescribed under the Corporations Act, without interest (but the balance of the securities offered and issued under the Prospectus, namely Shares and New Options, will continue and will not be affected).

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

4.18 Issue

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

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

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

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

4.19 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than Australia, New Zealand and Germany) having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia, New Zealand or Germany.

The Offer is being made in New Zealand pursuant to the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). The Offer is being made to shareholders with registered addresses in Germany on reliance that the offer of Securities under this Prospectus is being made pursuant to an exemption under

the Directive 2003/71/EC, as implemented in Germany, from the requirement to produce a prospectus for offers of securities.

However, pursuant to ASX Listing Rule 7.7, the Company has appointed a Nominee, Patersons Securities Limited, to sell the Entitlements to which Ineligible Shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the Nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the Nominee, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained for the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The Securities not taken up will form part of the Securities to be offered under the Shortfall Offer or taken up by the Underwriter pursuant to the Underwriting Agreement.

Shareholders resident in Australia, New Zealand or Germany holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.20 Enquiries

Any questions concerning the Offer should be directed to Michelle Simson, Company Secretary, on +61 8 9226 3666.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,584,125.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

| Item | Proceeds of the Offer | Full Subscription (\$) | % |
|------|--|------------------------|-------------|
| 1. | Exploration – Dexter Project Drilling | 890,000 | 56 |
| 2. | Exploration – Other Project activities | 296,000 | 19 |
| 3. | Expenses of the Offer ¹ | 143,530 | 9 |
| 4. | Working capital | 254,595 | 16 |
| | Total | 1,584,125 | 100% |

Notes:

1. Refer to section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

If all Partly Paid Shares subsequently become fully paid then the total amount raised under the Offer will be \$2,892,750 (assuming full subscription). Under the terms of the Partly Paid Shares (see section 6.2 of this Prospectus for full terms) the Company cannot make a cash call on the Partly Paid Shares until four (4) years after the date of issue. Accordingly the Company has not yet determined the specific use of the funds that may be raised by any payments on the Partly Paid Shares. The Company will make this decision having regard to the Company's activities and financial condition at the appropriate time.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) 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 funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,440,595 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 55,100,004 as at the date of this Prospectus to 68,875,005 Shares;
- (c) increase the number of Partly Paid Shares on issue from nil to 6,887,501 Partly Paid Shares; and
- (d) increase the number of Options on issue from 29,650,000 as at the date of this Prospectus to 36,537,501 Options.

5.3 Pro-forma statement of financial position

The audited statement of financial position as at 30 June 2013, the management accounts statement of financial position of 30 September 2013 and the unaudited pro-forma statement of financial position as at 30 September 2013 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma statement of financial position has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer. It has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

| | AUDITED 30 June 2013 | UNAUDITED 30 September 2013 | PRO-FORMA 30 September 2013 |
|--------------------------------------|-------------------------|-----------------------------------|-----------------------------------|
| CURRENT ASSETS | | | |
| Cash | 2,250,187 | 703,079 | 2,143,674 |
| Other current assets | 104,356 | 29,931 | 29,931 |
| TOTAL CURRENT ASSETS | 2,354,543 | 733,010 | 2,173,605 |
| | | | |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 285,877 | 260,553 | 260,553 |
| Other non-current assets | 49,410 | 49,410 | 49,410 |
| TOTAL NON-CURRENT ASSETS | 335,287 | 309,963 | 309,963 |
| | | | |
| TOTAL ASSETS | 2,689,830 | 1,042,973 | 2,483,568 |
| | | | |
| CURRENT LIABILITIES | | | |
| Creditors and borrowings | 873,186 | 167,513 | 167,513 |
| TOTAL CURRENT LIABILITIES | 873,186 | 167,513 | 167,513 |
| | | | |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 5,336 | 1,347 | 1,347 |
| TOTAL NON-CURRENT LIABILITIES | 5,336 | 1,347 | 1,347 |
| | | | |
| TOTAL LIABILITIES | 878,522 | 168,860 | 168,860 |
| | | | |
| NET ASSETS (LIABILITIES) | 1,811,308 | 874,113 | 2,314,708 |
| | | | |

| | AUDITED 30 June 2013 | UNAUDITED 30 September 2013 | PRO-FORMA 30 September 2013 |
|---------------------|-------------------------|-----------------------------------|-----------------------------------|
| EQUITY | | | |
| Contributed equity | 8,323,675 | 8,323,675 | 9,764,270 |
| Reserves | 469,533 | 469,533 | 469,533 |
| Accumulated losses | (6,981,900) | (7,919,095) | (7,919,095) |
| TOTAL EQUITY | 1,811,308 | 874,113 | 2,3140,708 |

The pro-forma statement of financial position includes the following adjustment:

- (a) \$1,440,595 being raised under the Offer (assuming maximum subscription and deducting the estimated expenses of the Offer) which includes payment of \$0.11 per Share and \$0.01 per Partly Paid Share.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

| | Number |
|--|-------------------|
| Shares currently on issue ¹ | 55,100,004 |
| Shares offered pursuant to the Offer | 13,775,001 |
| Total Shares on issue after completion of the Offer² | 68,875,005 |

Notes:

- 9,800,000 Shares are escrowed until 20 April 2014.
- In the event the Partly Paid Shares are fully paid up the number of Shares on issue will increase to 75,762,506 (assuming no other Shares are issued or Options exercised).

Partly Paid Shares

| | Number |
|--|------------------|
| Partly Paid Shares currently on issue | Nil |
| Partly Paid Shares offered pursuant to the Offer ¹ | 6,887,501 |
| Total Shares on issue after completion of the Offer¹ | 6,887,501 |

Notes:

- \$0.01 paid up and \$0.19 outstanding to be repaid via cash calls to be made no earlier than four (4) years after the date of issue.

Options

| | Number |
|--|------------|
| Options currently on issue: | |
| Quoted Options exercisable at \$0.25 on or before 31/12/14 | 21,250,000 |

| | |
|---|-------------------|
| Unquoted Options exercisable at \$0.25 on or before 30/06/16 | 3,000,000 |
| Unquoted Options exercisable at \$0.30 on or before 30/06/16 | 3,000,000 |
| Unquoted Options exercisable at \$0.50 on or before 31/12/16 | 2,400,000 |
| Total Options on issue before Offer | 29,650,000 |
| New Options offered pursuant to the Offer (Quoted Options exercisable at \$0.25 on or before 31/12/14) | 6,887,501 |
| Options on issue after completion of the Offer: | |
| Quoted Options exercisable at \$0.25 on or before 31/12/14 | 28,137,501 |
| Unquoted Options exercisable at \$0.226 on or before 30/06/16 ¹ | 3,000,000 |
| Unquoted Options exercisable at \$0.276 on or before 30/06/16 ¹ | 3,000,000 |
| Unquoted Options exercisable at \$0.476 on or before 31/12/16 ¹ | 2,400,000 |
| Unquoted Options exercisable at \$0.50 on or before 31/12/16 | 1,000,000 |
| Total Options on issue after completion of the Offer | 36,537,501 |

Notes:

1. The exercise price of these Options will be re-adjusted as a result of the Offer and in accordance with ASX Listing Rule 6.22.2 and the terms of issue of the Options. The re-adjusted exercise price of these Options expressed above is an approximate calculation based on a market price of \$0.23 per Share. The actually re-adjusted exercise price may vary due to variations in the market price for Shares.

The capital structure on a fully diluted basis as at the date of this Prospectus is 84,750,004 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 112,300,007 Shares.

5.5 Details of substantial holders

Based on publicly available information as at 25 November 2013, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder | Shares | % |
|--|------------|--------|
| Thomas and Helen Sanders | 11,770,004 | 21.36% |
| Geologic Resource Fund | 6,250,000 | 11.34% |
| CQS Asset Management Limited | 5,000,000 | 9.07% |
| HSBC Custody Nominees Limited on behalf of Altus Resources Capital Ltd | 5,000,000 | 9.07% |
| Kurraba Investments Pty Ltd | 5,000,000 | 9.07% |
| Nestor Investment Management SA on behalf of Nestor Australien Fonds | 3,249,999 | 5.90% |

Tom Sanders has agreed with the Underwriter to sub-underwrite up to 2,608,696 Shares, 1,304,348 Partly Paid Shares and 1,304,348 New Options offered under the Offer (**Sub-underwriting Commitment**). Mr Sanders will receive a sub-underwriting fee of \$4,500 from the Underwriter. After completion of the Offer (assuming Mr Sanders takes up his full Entitlement and sub-underwrites the entire Sub-underwriting Commitment) then his voting power in the Company will increase from 21.36% as at the date of this Prospectus to approximately 25.24%

(this assumes all Shortfall Securities are placed under the Underwriting Agreement and no other Shares are issued or Options exercised other than under the Offer and Shortfall Offer). The Directors consider that the relevant entitlement issue and sub-underwriting exceptions to section 611 of the Corporations Act currently apply to Mr Sanders.

Other substantial Shareholders have agreed with the Underwriter to sub-underwrite various commitments but no control issues will result from these various sub-underwriting commitments.

In the event all Entitlements are accepted by Eligible Shareholders there will be no change to the substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Shares

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

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

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

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

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one (1) vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one (1) vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(c) Dividend rights

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

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. The Directors may set aside any amounts that they may determine as reserves, to be applied at the

discretion of the Directors, for any purpose for which the Company's profits may be properly applied.

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

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the Company's property, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of shareholders.

(e) **Shareholder liability**

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

(f) **Transfer of Shares**

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

(g) **Future increase in capital**

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

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at a general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6.2 Partly Paid Shares

The following is a summary of the rights and liabilities of holders of Partly Paid Shares being offered pursuant to this Prospectus. This is not exhaustive nor does it constitute a definitive statement of the rights and liabilities attaching to Partly Paid Shares:

- (a) Each Partly Paid Share is issued at a price of \$0.20 of which \$0.01 is paid on application with the balance of the issue price remaining outstanding.
- (b) Subject to the Corporations Act and the Constitution, the Company shall only be entitled to make a call on the Partly Paid Shares on or after the date which is four (4) years from the date of issue of the Partly Paid Shares. Rule 2.1(a) of the Constitution provides that the Company may allot unissued shares on the terms as the Directors resolve. The Directors of the Company have resolved that the Partly Paid Shares will be issued on terms that include that no call will be made for the amount unpaid for a period of four (4) years from the date of issue. Schedule 2 clause 2.1(a) of the Constitution provides that the Company's power to make a call is subject to the terms of issue of the share. The holder has no obligation to meet a call on any unpaid amounts of the Partly Paid Shares however failure to meet a call will result in forfeiture of the Partly Paid Shares (the subject of the call) in accordance with the procedure set out in section 254Q of the Corporations Act.
- (c) The holder may elect to pay up amounts outstanding on the Partly Paid Shares in advance of any calls made by the Company. Any notice of payment of calls in advance by the holder (**Payment Notice**) shall be in writing and delivered to the registered office of the Company. The Payment Notice shall specify the number of Partly Paid Shares in respect of which such payment is being made, the amount per share which is being paid up, and shall be accompanied by the appropriate payment for the number of Partly Paid Shares specified in the Payment Notice. The Directors of the Company must accept payment, credit the amount paid up and issue the appropriate holding statement for any Shares which have been fully paid up.
- (d) A statement of holding will be issued for the Partly Paid Shares and will be forwarded to the holder together with the terms and conditions of the Partly Paid Shares.
- (e) The Partly Paid Shares shall be entitled to participate in any dividends declared by the Company in proportion to the amount paid (excluding amounts credited) on that share. Amounts paid in advance of a call on a share are ignored when calculating the proportion of a dividend to which a holder of a Partly Paid Share is entitled.
- (f) The holder will be entitled to exercise any vote attaching to a Partly Paid Share at general meetings of members in accordance with the

Constitution. Under the Constitution, on a poll, partly paid shares have a vote pro rata to the proportion of the total issue price paid up. Amounts paid in advance of a call will be ignored when calculating the proportion.

- (g) Holders of Partly Paid Shares shall be entitled to participate in all issues of securities made to Shareholders of the Company pro rata to the proportion of the total issue price paid up. In respect of an issue of bonus securities, amounts paid in advance of a call will be ignored when calculating the relevant proportion.
- (h) The Company will ensure that, at least six (6) business days before the record date to determine entitlement to any such new entitlements issue, the Company will announce to ASX details of the proposed new entitlements issue. This will afford the holder an opportunity to pay up all or some of the Partly Paid Shares prior to the record date of any such new entitlements issue.
- (i) In the event of a reconstruction (including consolidation, sub division, reduction or return) of the issued capital of the Company, the number of Partly Paid Shares shall be reconstructed in accordance with the ASX Listing Rules.
- (j) Subject to the Partly Paid Shares becoming fully paid, the Company will apply for listing of the fully paid shares on the ASX. The Company will also apply for Official Quotation of the Partly Paid Shares on the ASX. However, the quotation of the Partly Paid Shares is subject to the satisfaction of the ASX Listing Rules requirements (particularly in regards to spread). Accordingly, if the Company does not receive sufficient applications for Partly Paid Shares to satisfy these requirements (or does not otherwise satisfy the requirements), the Company will withdraw the application for Official Quotation in respect of the Partly Paid Shares and the Partly Paid Shares will not be quoted and will remain unlisted, until such time as they are fully paid up or the Company can satisfy the ASX Listing Rule requirements.
- (k) In the event of death of the holder, the right of the holder to pay up the Partly Paid Shares which are not at the time of the death of the holder fully paid up, will vest in the holder's executor and/or administrator as the case may be and such executor and/or administrator shall have the same rights to pay up the Partly Paid Shares as such deceased holder would have had but for the holder's death.
- (l) Upon becoming fully paid, each Partly Paid Share will rank equally in all respects with the other issued fully paid ordinary shares in the Company.
- (m) Subject to the ASX Listing Rules, the Partly Paid Shares, whilst partly paid, will be capable of transfer or assignment either in whole or in part without the approval of the Directors.

6.3 New Options

The following is a summary of the terms and conditions of the New Options being offered pursuant to this Prospectus:

(a) **Entitlement**

Each Option shall be issued for nil consideration and shall entitle the

holder to subscribe for one (1) Share upon exercise of the Option and payment of \$0.25 (**Exercise Price**).

(b) **Option period**

Each Option will expire at 5.00pm WST on 31 December 2014 (**Option Expiry Date**). Each Option may be exercised at any time prior to the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.

(c) **Ranking of Shares allotted on exercise of Option**

Each Share allotted as a result of the exercise of an Option will, subject to the Constitution, rank equally with the existing Shares on issue at the date of the allotment.

(d) **Transfer of an Option**

The Company will apply to ASX for Official Quotation of the Options. Each Option is transferable at any time subsequent to issue and prior to the Option Expiry Date. This right is subject to any restriction on the transfer of an Option that may be imposed by the ASX in circumstances where the Company is listed upon ASX.

(e) **Method of exercise of an Option**

(i) The Company will upon request provide to each Optionholder a notice that is to be completed when exercising the Options (**Exercise Notice**). Options may be exercised by the Optionholder completing the Exercise Notice and forwarding the same to the Company at its principal office, to be received prior to the Option Expiry Date.

(ii) The Exercise Notice must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of \$0.25 per Share.

(iii) Within 14 days after the receipt of a properly executed Exercise Notice and accompanying payment, the Company shall issue to the Optionholder that number of Shares in the capital of the Company so subscribed for by the Optionholder.

(iv) If the Company is listed on the ASX it will, pursuant to the exercise of an Option, apply to ASX for Official Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the ASX Listing Rules.

(f) **Reconstruction**

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Options or the Exercise Price of the Options or both shall be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules.

(g) **Participation in new Share issues**

There are no participating rights or entitlements inherent in the Options

and holders of the Options will not be entitled to participate in new issues of capital that may be offered to Shareholders during the currency of the Options.

(h) **Participation in bonus Share issues**

If there is a bonus issue to Shareholders, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Investment Specific Risks

(a) Partly Paid Shares and forfeiture

Any Partly Paid Shares issued under this Prospectus shall have (at the date of issue) \$0.19 outstanding in respect of each Partly Paid Share. The Company may, from the date that is four (4) years after the date of issue of the Partly Paid Shares, make a call in respect of any of the amount outstanding in respect of the Partly Paid Shares. A holder of the Partly Paid Shares shall have no obligation to pay a call on the Partly Paid Shares however failure to meet such a call will result in the forfeiture of the Partly Paid Shares. There is a risk that investors who subscribe for Shares and Partly Paid Shares under this Prospectus may have their Partly Paid Shares forfeited at a future date if they are not able to meet a call on the Partly Paid Shares as it falls due.

A summary of the rights and liabilities attaching to the Partly Paid Shares is at section 6.2 of this Prospectus.

(b) Quotation of Partly Paid Shares

The Company intends for the Partly Paid Shares to be quoted on ASX. Accordingly, the Company will apply for Official Quotation of the Partly Paid Shares in accordance with the timetable set out at the commencement of this Prospectus. However, the quotation of the Partly Paid Shares is subject to the satisfaction of the ASX Listing Rules requirements (particularly in regards to spread). Accordingly, if the Company does not receive sufficient applications for Partly Paid Shares to satisfy these requirements (or does not otherwise satisfy the requirements), the Company will withdraw the application for Official Quotation in respect of the Partly Paid Shares and the Partly Paid Shares will not be quoted and will remain unlisted, until such time as they are fully paid up or the Company can satisfy the ASX Listing Rule requirements.

If the Company does not satisfy the ASX Listing Rule requirements in respect of the Partly Paid Shares and subsequently the ASX does not grant Official Quotation of the Partly Paid Shares offered pursuant to this

Prospectus before the expiration of three (3) months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Partly Paid Shares and will repay all Application Monies for the Partly Paid Shares within the time prescribed under the Corporations Act, without interest (but the balance of the securities offered and issued under the Prospectus, namely fully paid Shares and New Options, will continue and will not be affected).

(c) **Stock market fluctuations and economic conditions**

The Shares and New Options to be issued under this Prospectus will be quoted on the ASX. Quotation of the Partly Paid Shares is subject to the satisfaction of the ASX Listing Rules requirements (particularly in regards to spread). The price of Securities may rise or fall and there is no guarantee in respect of profitability, dividends, return of capital, or the price at which the Securities may trade on the ASX.

The value of the Securities will be determined by the stock market and will be subject to a range of factors beyond the control of the Company, and the Directors and officers of the Company. Such factors include, but are not limited to:

- (i) the demand for and availability of Shares and Options;
- (ii) movements in domestic interest rates;
- (iii) exchange rates;
- (iv) general and domestic economic activity; and
- (v) fluctuations in the Australian and international stock markets.

Returns from an investment from the Securities may also depend on general stock market conditions as well as the performance of the Company. There can be no guarantee that there will be an active market in the Securities.

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals which underpin the projected growth of the Company's target markets or its cost structure and profitability. Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending and employment rates, amongst others, are out of the control of the Company and may result in material adverse impacts on the business or its operating results.

(d) **Dilution risk**

Upon completion of the Offer (assuming all Entitlements are accepted and no Shares are issued or Options are exercised prior to the Record Date) the number of Shares in the Company will increase from 55,100,004 currently on issue to 68,875,005 and current Shareholders that do not participate in the Offer would have their holdings diluted by approximately 20%.

Shareholders should also note that at completion of the Offer there will be up to an additional 6,887,501 New Options and 6,887,501 Partly Paid

Shares on issue (assuming full subscription). If all New Options and Partly Paid Shares issued under the Offer are subsequently exercised and paid up (respectively), an additional 13,775,002 Shares will be issued which will increase the total dilution effect of the Offer to 33.33%.

Shareholders who do not participate in the Offer may have their current Shareholding significantly diluted.

(e) **Liquidity of Securities**

There may be relatively few potential buyers or sellers of the Securities on the ASX at any time. This may increase the volatility of the price of the Securities. It may also affect the prevailing market price at which Shareholders are able to sell their Securities. This may result in a market price being received which is less than the price that Shareholders paid to acquire their Securities.

(f) **Taxation**

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of subscribing for Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

7.3 Company Specific Risks

(a) **Additional requirements for capital**

Should the funds raised by the Offer be insufficient to fulfill the Company's planned short term expenditure requirements, the Company may have an immediate requirement to raise further funds.

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.

(b) **Exploration success**

The future profitability of the Company and the value of its securities are directly related to the results of exploration. The exploration tenements held by the Company are at various stages of exploration and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can

be economically exploited.

The Company's future exploration activities 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 Company's control.

The Company's success will also depend upon the Company having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful, this could lead to diminution in the value of the Company's tenements, a reduction in the cash reserves of the Company and possible relinquishment of tenements.

The Company's exploration costs are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may be materially different to these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(c) **Resource estimates**

Any resource estimates released by the Company in the future will be expressions of judgement based on knowledge, experience and industry practice. Estimates which are valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretation, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(d) **Gold operating and development risks**

The Company's ability to achieve any production, development, operating cost and capital expenditure estimates in a timely basis cannot be assured. The business of gold mining involves many risks and may be impacted by factors including ore tonnes, yield, input prices (some of which are unpredictable and beyond the Company's control), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, change in the regulatory environment and other unforeseen contingencies.

Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents and occupational and health hazards. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of a mine. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot

insure, including those in respect of past mining activities in an area for which it was not responsible.

The risks outlined above also mean that there can be no assurances as to the future development of a mining operation in relation to any of the Company's projects or which the Company may acquire in the future.

(e) **Gold price volatility**

If the Company achieves exploration success leading to gold production, the Company's financial performance will be sensitive to the spot gold price. The gold price is affected by numerous factors and events that are beyond the Company's control. These factors and events include general economic activity, world demand, forward selling activity, gold reserve movements at central banks, cost of production by the gold producers and other matters such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar) as well as general global economic conditions and political trends.

If the gold price should fall below or remain below the Company's costs of production for any sustained period due to these or other factors and events, the Company's exploration and production could be delayed or even abandoned. A delay in exploration or production or the abandonment of one or more of the Company's projects may require the Company to write-down any gold reserves and may have a material adverse effect on the Company's production, earnings and financial position.

(f) **Infrastructure and transport**

As outlined above, the Company is not currently in production. If production does commence, the Company's ability to achieve production targets, receive goods and services and export products may be restricted by access to power networks, roads and other infrastructure.

(g) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the Company's strategic management depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(h) **Acquisition risk**

The Company's objectives include the pursuit of new projects in the resources sector, by way of acquisition or investment. The Directors will use their expertise and experience in the resources sector to assess the value of potential projects that have characteristics that are likely to provide returns to Shareholders. There can be no guarantee that any new project acquisition or investment will eventuate from these pursuits, or that any acquisitions will result in a return for Shareholders.

7.4 Industry Specific Risks

(a) Environmental

The Company's operations and proposed activities are subject to state and federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programs or mining activities.

(b) Tenure risks and native title

Interest in tenements in Australia is governed by the respective state legislation and is evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(c) Safety legislation

Current and future mines are subject to a range of safety legislation

which may change in a manner that may include requirements in addition to those now in effect, and a heightened degree of responsibility for companies and their directors and employees.

(d) **Industry and commodity cycles**

The demand for, and price of, metals is highly dependent on a variety of factors, including international supply and demand, actions taken by governments, and global economic and political developments. Adverse changes in market sentiment or conditions can and will impact the Company's ability to manage operating costs and have future sales meet installed production capacity. These impacts could lead to a reduction in earnings and the carrying value of assets that are outside of the Company's control.

(e) **Impact of inflation on costs**

Higher than expected inflation rates generally, or specific to the mining industry in particular, could be expected to increase operating and development costs and potentially reduce the value of future project developments.

7.5 **General Risks**

(a) **Investment risks**

As with any stock market investment, there are various risks associated with investing in the Company, specifically because of the nature of the Company's exploration business and the present stage of development of the Company's operations. Potential investors should consider whether the Securities offered under this Prospectus are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out in this section. Many of these risk factors are outside the Directors' control. Whilst some common risk factors are set out in this section, it is not possible to produce an exhaustive list. The Directors recommend that potential investors consult their professional advisers before deciding whether to apply for Securities.

(b) **Adverse changes to government policy and taxation**

Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies, may have an adverse effect on the assets, operations and ultimately the Company's financial performance. These factors may ultimately affect the Company's financial performance and the market price of the Securities.

(c) **Insurance risks**

The Company's operations are insured in accordance with industry practice however in certain circumstances, the Company's insurance may not be of a nature or the level to provide adequate insurance cover. The occurrence of an event that is not covered or not fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and

production is not always available and where available the costs can be prohibitive.

(d) **Claims, liability and litigation**

Although the Company is not currently involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company, the risk of litigation remains a general risk to the Company. The Company may incur costs in making payments to settle any such claims which may not be adequately covered by insurance or at all. Such payment may have an adverse impact on the Company's profitability and/or financial position.

(e) **Competition risk**

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operation and financial performance of the Company's projects and business.

(f) **Industrial action**

The Company is subject to the risk of industrial action and work stoppages by employees and contractors who provide services which are necessary for the continued operation of the Company's businesses.

(g) **Operating risks**

The operations of the Company may be affected by various factors including failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in extraction, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

7.6 Speculative investment

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 Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities under this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

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

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three (3) months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the date of lodgement of this Prospectus with the ASIC are set out in the table below.

| Date | Description of Announcement |
|-------------|--|
| 22/11/2013 | Renounceable Entitlements Issue to Raise \$1.58million |
| 20/11/2013 | Results of Meeting |
| 20/11/2013 | Annual General Meeting Presentation |
| 20/11/2013 | Request for Trading Halt |
| 31/10/2013 | Quarterly Activities Report |
| 31/10/2013 | Quarterly Cashflow Report |
| 17/10/2013 | Notice of Annual General Meeting |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.breakerresources.com.au.

8.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three (3) months immediately preceding the date of lodgement of this Prospectus with the ASIC and the last respective date of those sales were:

| | | |
|---------|--------|------------------|
| Highest | \$0.25 | 3 October 2013 |
| Lowest | \$0.17 | 26 August 2013 |
| Last | \$0.23 | 22 November 2013 |

8.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

(a) Underwriting Agreement

By an agreement between the Underwriter and the Company dated 25 November 2013 (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer (**Underwritten Securities**) and exclusively manage the Offer.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee equal to 4.5% of the total value of the Underwritten Securities, *excluding any amount sub-underwritten by the Directors* (**Underwriting Fee**). The Company will also pay the Underwriter a corporate advisory fee of \$30,000 and a management fee of 1.5% of the gross funds raised under the Offer for its services as lead manager.

The Company will also pay the Underwriter for any expenses and disbursements incurred by the Underwriter under the Offer. Amounts outstanding pursuant to invoices for fees, commissions or expenses shall incur interest at the rate of 10% per annum and shall be calculated daily in arrears from the due date of payment of the outstanding amount.

All sub-underwriting and selling fees to third parties will be met from the Underwriting Fee.

The Underwriting Agreement is conditional upon:

- (i) the Underwriter being satisfied with the due diligence investigations in relation to the Company;
- (ii) the Underwriter being satisfied with the form of the Prospectus and giving its consent to be named in the Prospectus;
- (iii) a legal sign off letter being provided by the Company's solicitors in relation to the Offer for the reliance of the Underwriter;
- (iv) the Underwriter obtaining sufficient sub-underwriting commitments for the Offer to its sole satisfaction; and
- (v) the Prospectus being lodged with the ASIC prior to 5.00pm (WST) on 25 November 2013 (or such later date as agreed).

All of these conditions have been satisfied upon this Prospectus being lodged with the ASIC.

The Underwriting Agreement has various procedural obligations that the Company must comply with. The Company must also apply for Official Quotation of all the Securities.

The Company (or any of its subsidiaries) must not, except with the prior written consent of the Underwriter, do any of the following during the six (6) months following the date of the Underwriting Agreement:

- (i) reduce its capital or otherwise alter its capital structure other than as disclosed in the Prospectus;
- (ii) amend its Constitution except as required by ASX to comply with the ASX Listing Rules, or as required by the Corporations Act;
- (iii) pass or take any steps to pass a resolution under section 260A of the Corporations Act;
- (iv) dispose or agree to dispose of the whole or a substantial part of its business or property;
- (v) charge or agree to charge the whole or a substantial part of its business or property other than as contemplated by the Prospectus or within the ordinary course of business; and
- (vi) undertake any share buy-back scheme or issue or agree to issue any Shares, Options or other securities (except in certain situations, including an issue pursuant to an employee share or option scheme which has been approved by the Shareholders).

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (i) **(Indices fall)**: any of the S&P/ASX 200 Index or the S&P/ASX 300 Metals and Mining Index as published by ASX is at any time after the date of the Underwriting Agreement, 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (ii) **(Share Price)**: the Shares finish trading on the ASX on any trading day with a closing price that is less than \$0.11;
- (iii) **(Prospectus)**: the Company does not lodge the Prospectus on the 25 November 2013 (or such later date as agreed) or the Prospectus or the Offer is withdrawn by the Company;
- (iv) **(Copies of Prospectus)**: the Company fails to provide at the Company's cost to the Underwriter two (2) copies of the Prospectus by 2 December 2013, or as many additional copies of the Prospectus prior to the Closing Date as the Underwriter may reasonably require, and such failure is not remedied within two (2) days;
- (v) **(Official Quotation)**: Official Quotation has not been granted by 30 December 2013 or, having been granted, is subsequently withdrawn, withheld or qualified;
- (vi) **(Supplementary Prospectus)**: the Underwriter forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with the ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require, or the Company

lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter;

- (vii) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all information required by section 713 (or sections 710, 711 and 716) of the Corporations Act;
- (viii) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Restriction on allotment):** the Company is prevented from allotting the Securities within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by the ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (x) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (xi) **(ASIC application):** an application is made by the ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus;
- (xii) **(ASIC hearing):** the ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act;
- (xiii) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (xiv) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples' Republic of China or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (xv) **(Authorisation):** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;

- (xvi) **(Indictable offence)**: a Director or senior manager of the Company (or a subsidiary) is charged with an indictable offence;
- (xvii) **(Other termination events)**: In the reasonable opinion of the Underwriter, any of the following events will have a Material Adverse Effect or could give rise to any liability of the Underwriter under the Corporations Act or otherwise:
- (A) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (B) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (C) **(Contravention of constitution or Act)**: a contravention by the Company of any provision of its Constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of the ASIC or ASX;
 - (D) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company (or any subsidiaries);
 - (E) **(Error in Due Diligence Results)**: it transpires that any of the due diligence is false, misleading or deceptive or that there was an omission from them;
 - (F) **(Significant change)**: a new circumstance as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
 - (G) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus the details of which have not already been disclosed on the ASX;
 - (H) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Company is or becomes misleading or deceptive or likely to mislead or deceive;
 - (I) **(Official Quotation qualified)**: the Official Quotation of the Securities is qualified or conditional other than only being conditional on the issue of the Securities;
 - (J) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce,

into the Parliament of Australia or any of its States or Territories any act or prospective act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;

- (K) **(Prescribed Occurrence)**: the Company converting all or any of its Shares into a larger or smaller number, resolving to reduce its Share capital, entering into a buy-back agreement, resolving to approve the terms of a buy-back agreement, issuing (or agreeing to issue) any Shares (other than in accordance with this Prospectus), issuing any convertible notes, disposing (or agreeing to dispose of) a substantial part of its business or property, charging (or agreeing to charge) a substantial part of its business or property, resolving that it be wound up, the appointment of a liquidator or provisional liquidator, an administrator being appointed, executing a deed of company arrangement, or a receiver being appointed;
- (L) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (M) **(Event of Insolvency)**: an event of insolvency occurs;
- (N) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$25,000 is obtained against the Company and is not set aside or satisfied within seven (7) days;
- (O) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are commenced or threatened;
- (P) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Offer without the prior written consent of the Underwriter;
- (Q) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company (other than as a result of the Offer or Shortfall Offer) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (R) **(Timetable)**: there is a delay in any specified date in the Offer timetable which is greater than three (3) business days unless agreed to by the Underwriter;
- (S) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven (7) days occurs;

- (T) **(Certain resolutions passed)**: the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend the Constitution without the prior written consent of the Underwriter;
- (U) **(Capital Structure)**: the Company alters its capital structure in any manner not contemplated by the Prospectus;
- (V) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (W) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, any member of the European Union, the United States of America or other international financial markets; or
- (X) **(Suspension)**: the Company is removed from the official list of ASX listed companies or the Shares become suspended from Official Quotation and that suspension is not lifted within 24 hours following such suspension.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter and confidentiality terms that are considered standard for an agreement of this type.

8.5 Interests of Directors

Mr Tom Sanders is a Director of the Company that has agreed to sub-underwrite Securities under the Offer and Shortfall Offer. Mr Sanders will receive a sub-underwriting fee of \$4,500 in respect of his Sub-Underwriting Commitment. Refer to section 5.5 of this Prospectus for further details of this sub-underwriting.

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the two (2) years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

| Director | Current Holdings | | Offer Entitlement | | | Total Subscription Price |
|--------------|------------------|-----------|-------------------|--------------------|-----------|--------------------------|
| | Shares | Options | Shares | Partly Paid Shares | Options | \$ |
| Tom Sanders | 11,770,004 | 5,635,000 | 2,942,501 | 1,471,251 | 1,471,251 | \$338,387.51 |
| | | | \$323,675 | \$14,712.51 | - | |
| Mark Edwards | 1,050,000 | 500,000 | 262,500 | 131,250 | 131,250 | \$30,187.50 |
| | | | \$28,875 | \$1,312.50 | - | |
| Mike Kitney | 1,075,000 | 512,500 | 268,750 | 134,375 | 134,375 | \$30,906.25 |
| | | | \$29,562.50 | \$1,343.75 | - | |

The Board recommends all Shareholders participate in the Offer and advises that all Directors intend to participate for portion of their Entitlements, in addition to Mr Sanders' sub-underwriting of the Offer.

Remuneration

The remuneration of an executive director is decided by the Board, without the affected executive director participating in that decision-making process. The total maximum remuneration of non-executive directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules as applicable. The determination of non-executive directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive director. The current amount has been set to not exceed \$300,000 per annum.

A director may be paid fees or other amounts (ie. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

| Director | 2011/12 (Actual) | 2012/13 (Actual) | 2013/14 (Proposed) |
|--------------|------------------|------------------|------------------------|
| Tom Sanders | \$160,575 | \$280,199 | \$278,000 ¹ |
| Mark Edwards | \$19,328 | \$40,111 | \$40,000 ¹ |
| Mike Kitney | \$19,328 | \$40,111 | \$40,000 ¹ |

Notes:

1. This does not include any reimbursements that the Directors may receive for work related expenses.

A summary of the service agreement between the Company and Executive Chairman Tom Sanders is provided below:

- (a) Term of agreement – Minimum two (2) years subject to termination provisions; commenced 18 April 2012 (subject to ASX listing).
- (b) Annual consultancy fees of \$270,000 (inclusive of superannuation, plus GST, indexed to CPI as a minimum every calendar year) are paid to Goldfields Geological Associates, an entity controlled by Mr Sanders, for the provision of services by Mr Sanders on a minimum of 80% of fulltime basis.
- (c) The agreement continues until terminated by either Goldfields Geological Associates or the Company. Subject to the Corporations Act and the ASX Listing Rules, Mr Sanders is entitled to a minimum notice period of 12 months and the Company is entitled to a minimum notice period of three (3) months.
- (d) Goldfields Geological Associates will be reimbursed for work related expenses, including office leasing and maintenance costs at cost, and other out-of-pocket expenses incurred on the Company's behalf.

8.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the two (2) years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Patersons Securities Limited is acting as lead manager and underwriter to the Company in relation to the Offer. Patersons Securities Limited has also been appointed as a nominee to sell Ineligible Shareholders' Entitlements under ASX Listing Rule 7.7. The Company will pay Patersons Securities Limited a corporate advisory fee of \$30,000, an underwriting fee of approximately \$57,786 and a management fee of approximately \$24,012 (assuming full subscription and all excluding GST) in respect of this Offer. Patersons Securities Limited will be paid for its services as Nominee on standard industry terms and conditions. During the 24 months preceding lodgement of this Prospectus with the ASIC, Patersons Securities Limited has been paid fees totalling \$557,050 (excluding GST) by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$42,240.16 (excluding GST and disbursements) for legal services provided to the Company.

Rothsay Chartered Accountants is the auditor of the Company's balance sheet dated 30 June 2013, details of which are included in this Prospectus. Rothsay Chartered Accountants was paid \$12,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Rothsay Chartered Accountants has been paid fees totalling \$41,500 (excluding GST and disbursements) for audit and non-audit services provided to the Company.

8.7 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Patersons Securities Limited has given its written consent to being named as lead manager to the Company, Underwriter to the Offer and Nominee under ASX Listing Rule 7.7 in this Prospectus. Patersons Securities Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Rothsay Chartered Accountants has given its written consent to being named as auditor to the Company in this Prospectus. Rothsay Chartered Accountants has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.8 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$143,530 (excluding GST) and are expected to be applied towards the items set out in the table below:

| | \$ |
|---------------------------|----------------|
| ASIC fees | 2,225 |
| ASX fees | 11,507 |
| Underwriting fees | 57,786 |
| Lead manager fees | 54,012 |
| Legal fees | 15,000 |
| Printing and distribution | 2,000 |
| Miscellaneous | 1,000 |
| Total | <u>143,530</u> |

8.9 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9226 3666 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.breakerresources.com.au.

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

8.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable foundation 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.

8.11 CHES and Issuer Sponsorship

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

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

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

8.12 Privacy Act

If you complete an Application for Securities, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.


You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

9. DIRECTORS' AUTHORISATION

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

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



Tom Sanders
Executive Chairman
For and on behalf of
BREAKER RESOURCES NL

10. GLOSSARY

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

Applicant means a Shareholder who applies for Securities pursuant to the Offer or a Shareholder or other party who applies for Securities pursuant to the Shortfall Offer.

Application means an application to subscribe for Shares, Partly Paid Shares and New Options under this Prospectus.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

Application Monies means money submitted by Applicants in respect of Applications.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

CHESS means the Clearing House Electronic Sub-Register System operated by ASX Settlement Pty Ltd.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Breaker Resources NL (ACN 145 011 178).

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

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

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

Eligible Shareholder means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

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

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia, New Zealand or Germany.

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Offer; or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole; or
- (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or
- (d) a material adverse effect on the tax position of either;
 - (i) the Company and its subsidiaries either individually or taken as a whole; or
 - (ii) an Australian resident Shareholder in the Company.

New Option means an Option issued under this Prospectus on the terms set out in section 6.3 of this Prospectus.

Offer means the renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Partly Paid Share means a partly paid share offered under this Prospectus at an issue price of \$0.20 with \$0.01 being payable upon application and otherwise on the terms and conditions set out at section 6.2 of this Prospectus.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Securities means Shares, Partly Paid Shares and/or New Options offered pursuant to this Prospectus.

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

Shareholder means a holder of a Share.

Share Registry means the share registry of the Company as noted in section 1 of this Prospectus.

Shortfall means the Securities not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in section 4.16 of this Prospectus.

Shortfall Securities means those Shares, Partly Paid Shares and New Options not issued pursuant to the Offer.

Underwriting Agreement means the agreement between the Company and Patersons Securities Limited appointing Patersons Securities Limited as underwriter to the Offer.

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