

RESOURCE STAR LIMITED

ACN 098 238 585

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) fully paid ordinary share in the capital of the Company (**Share**) for every one (1) Share held by eligible shareholders at an issue price of \$0.004 per Share to raise up to approximately \$624,000 together with one (1) free attaching listed option (**Listed Option**) for every two (2) Shares issued, exercisable at \$0.004 on or before 31 March 2016 (**Offer**).

The Offer is fully underwritten by Truestone Capital Limited (Company number 6127809) (**Underwriter**). Refer to section 8.3 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.

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

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1. CORPORATE DIRECTORY

Directors

Mr Andrew Bell
Executive Chairman

Mr Charles Guy
Non Executive Director

Mr George Karantzas
Non Executive Director

Company Secretary

Ms Eryn Kestel

Underwriter

Truestone Capital Limited
New Bond House
124 Bond Street
London UK W1S 1DX

Telephone: +44 (0)20 7043 8104

Auditor

HLB Mann Judd (Vic Partnership)
Level 9, 575 Bourke Street
Melbourne VIC 3000

Registered Office

Level 2, Spectrum
100 Railway Road
SUBIACO WA 6008

Telephone: +61 08 9367 8133
Facsimile: +61 08 9367 8812

Mailing Address for Return of Application Forms

PO Box 8281
SUBIACO WA 6908

Solicitors

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

2. TIMETABLE

| | |
|---|---------------|
| Lodgement of Prospectus with the ASIC | 8 April 2014 |
| Lodgement of Prospectus & Appendix 3B with ASX | 8 April 2014 |
| Notice sent to Shareholders | 10 April 2014 |
| Ex date | 11 April 2014 |
| Record Date for determining Entitlements | 17 April 2014 |
| Despatch of Prospectus and Entitlement Forms | 28 April 2014 |
| Closing Date* | 12 May 2014 |
| Securities quoted on a deferred settlement basis | 13 May 2014 |
| ASX notified of under subscriptions | 15 May 2014 |
| Date Securities are to be issued under the Offer* | 20 May 2014 |

* The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice. As such the date the Securities are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 8 April 2014 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 Shares 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 Shares 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 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 7 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share held by eligible shareholders at an issue price of \$0.004 per Share to together with one (1) free attaching Listed Option for every two (2) Shares issued, exercisable at \$0.004 on or before 31 March 2016. 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, approximately 156,000,000 Shares and 78,000,000 free attaching Listed Options will be issued pursuant to this Offer to raise up to \$624,000 (before costs). No funds will be raised from the issue of the Listed Options.

As at the date of this Prospectus, the Company has 50,000 convertible notes on issue (**Convertible Notes**). Please refer to sections 8.3 for further information.

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 for further information regarding the rights and liabilities attaching to the Shares.

All of the Listed Options offered under this Prospectus will be issued on the terms set out in section 6.9 of this Prospectus.

All Shares issued on conversion of the Listed Options will rank equally with the Shares on issue at the date 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 Minimum subscription

There minimum subscription for the Offer is the full subscription, being approximately \$624,000 (before costs).

No Securities will be issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or

- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.004 per Share);
- (c) if you wish to apply for Shares and Listed Options **in excess** of your full Entitlement, being Shortfall Securities:
 - (i) complete the Entitlement and Acceptance Form entering the additional Shares and Listed Options above your Entitlement you are willing to subscribe for; and
 - (ii) attach your additional cheque for the value of those Shortfall Securities (at \$0.004 per Share) for the amount in excess of your Entitlement; or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Resource Star Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company (by delivery or by post) at:

By delivery Resource Star Limited
 Level 2, Spectrum
 100 Railway Road
 SUBIACO WA 6008

By post Resource Star Limited
 PO Box 8281
 SUBIACO WA 6908

no later than 5:00 pm WST on the Closing Date.

4.5 Payment by direct debit

For payment by direct debit, please follow the instructions on the Entitlement and Acceptance Form. Your completed Entitlement and Acceptance Form will still need to reach the Company (by delivery or by post) no later than 5:00 pm WST on the Closing Date.

It is your responsibility to ensure that your direct debit payment is received by the Company by no later than 5.00pm (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 (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

One (1) free attaching Listed Option with an exercise price of \$0.004 and an expiry date of 31 March 2016 will be issued for every two (2) Shares subscribed for and issued under the Offer.

4.6 Underwriting

The Offer is fully underwritten by the Underwriter. Refer to section 8.3 of this Prospectus for details of the terms of the underwriting.

The Underwriting Agreement gives the Underwriter the right to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the Shortfall Securities under the Underwriting Agreement.

The Directors of the Company consider, having regard to all available options, that entering into the Underwriting Agreement with the Underwriter provides the Company with the highest degree of certainty in the time available that the Offer will be successful.

4.7 Effect on control of the Company

The Underwriter presently is not a shareholder of the Company. In accordance with the terms of the Underwriting Agreement, the Underwriter will allocate the Shortfall to its sub-underwriters such that the Underwriter will not have a voting power in the Company in excess of 20% after the issue of the Shortfall.

Cicero Advisory Services Pty Ltd (**Cicero**), an entity controlled by Mr Mathew Walker who is a substantial shareholder of the Company, has agreed with the Underwriter to sub-underwrite up to 156,000,000 Shares and 78,000,000 Listed Options offered under the Offer (**Sub-underwriting Commitment**). In accordance with the Sub-Underwriting Agreement, Cicero may distribute its sub-underwriting to additional third parties with the consent of the Underwriter. For further details of the Sub-Underwriting Agreement please refer to Section 8.3. Cicero will receive a sub-underwriting fee of \$37,440 from the Underwriter.

Cicero and Mr Walker are not related parties of the Company for the purpose of the Corporations Act. Cicero is not presently a Shareholder of the Company, however Mr Mathew Walker (an associate of Cicero) is presently a Shareholder of the Company and the extent to which Shares are issued pursuant to the sub-underwriting will increase Mr Walker and his associates' voting power in the Company.

Mr Walker's present relevant interest and changes under several scenarios are set out in the table below and are based on the assumption that Mr Walker takes up his full Entitlement of 20,026,192 Shares under each scenario and no other Shares are issued other than under the Offer and Shortfall Offer.

| Event | Shares held by Sub-Underwriter and its associates | Voting power of Sub-Underwriter and its associates |
|--|---|--|
| Date of Prospectus | 20,026,192 | 12.84% |
| Completion of Entitlement Issue | | |
| <ul style="list-style-type: none"> Fully subscribed | 40,052,184 | 12.84% |

| | | |
|--|-------------|--------|
| • 75% subscribed | 79,052,184 | 25.34% |
| • 50% subscribed | 118,052,184 | 37.84% |
| • 12.84% subscribed (being the Underwriter's Entitlement). | 176,026,192 | 56.42% |

The Company considers it is unlikely that no Shareholders will take-up Entitlements under the Offer or apply for additional Shortfall Securities under the Shortfall Offer. The Sub-Underwriting Commitment and therefore the voting power of Mr Walker will reduce by a corresponding amount for the amount of Entitlements taken up under the Offer and number of Shortfall Securities issued to third parties. The Offer has been priced to allow for successful completion of the Offer, which in turn will enable the Company to give effect to its objectives stated in section 5.1 of this Prospectus.

4.8 Future Intentions of Mr Walker

Mr Walker has indicated that the intentions disclosed in this section are based on the facts and information regarding the Company and the general business environment which are known to him as at the date of this Prospectus. Any future decisions will, of course, be reached by Mr Walker based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, Mr Walker's intentions could change.

Mr Walker has informed the Company that on the facts and circumstances presently known to him, he is supportive of the Company's current direction. Mr Walker has indicated that he is presently willing to consider any proposals the Company's Board and management may put forward as to how Mr Walker could support and assist the Company to achieve its objectives.

Mr Walker has advised the Company that since he is presently supportive of the Company's current direction, Mr Walker does not currently intend to seek any changes to the direction and objectives of the Company, and that other than as disclosed in this Prospectus, Mr Walker:

- (a) does not currently intend to make any significant changes to the existing businesses of the Company;
- (b) does not currently intend to inject further capital into the Company other than participating in the Offer and sub-underwriting the Offer;
- (c) does not currently intend to become involved in decisions regarding the future employment of the Company's present employees and contemplates that they will continue in the ordinary course of business;
- (d) does not currently intend for any property to be transferred between the Company and Mr Walker or any person associated with Mr Walker;
- (e) does not currently intend to redeploy the fixed assets of the Company; and
- (f) does not currently intend to change the Company's existing financial or dividend policies.

Mr Walker will make decisions on his course of action in light of material facts and circumstances at the relevant times and after he receives appropriate legal and financial advice on such matters, where required, including in relation to any requirement for Shareholder approvals.

The statements reflect current intentions only as at the date hereof which may change as new information becomes available or circumstances change or with the passage of time.

4.9 Dilution

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

| Holder | Holding as at Record date | % at Record Date | Share Entitlements under the Offer | Holdings if Offer not taken Up | % post Offer |
|---------------|---------------------------|------------------|------------------------------------|--------------------------------|--------------|
| Shareholder 1 | 10,000,000 | 6.41% | 10,000,000 | 10,000,000 | 3.21% |
| Shareholder 2 | 5,000,000 | 3.21% | 5,000,000 | 5,000,000 | 1.60% |
| Shareholder 3 | 1,500,000 | 0.96% | 1,500,000 | 1,500,000 | 0.48% |
| Shareholder 4 | 400,000 | 0.26% | 400,000 | 400,000 | 0.13% |
| Shareholder 5 | 50,000 | 0.03% | 50,000 | 50,000 | 0.02% |
| Total | 156,000,000 | | 156,000,000 | | 312,000,000 |

Notes:

- The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer or are taken up by the Underwriter. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed or taken up by the Underwriter, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

4.10 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. **Shareholders may apply for Shortfall Securities.**

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.004 together with one (1) free attaching Listed Option for every two (2) new Shares issued, exercisable at \$0.004 on or before 31 March 2016 being the price at which Shares have been offered under the Offer.

Eligible Shareholders may, in addition to their Entitlement, apply under the Shortfall Offer, regardless of the size of their present holding. Eligible Shareholders who wish to apply for Shortfall Securities above their Entitlement can complete the appropriate boxes on the Entitlement and Acceptance Form accompanying this Prospectus and return it either with a cheque for the value of those Shortfall Securities (at \$0.004 per Share) to the Company or make a direct debit payment in excess of the total value of your Entitlement.

Shortfall Securities will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. The Directors reserve the right to issue Shortfall Securities at their absolute discretion in consultation with the Underwriter having consideration of the terms of the Underwriting Agreement. If the number of Shortfall Securities issued is less than the number applied for in an Entitlement and Acceptance Form or Shortfall Application Form, surplus application monies will be refunded in full as soon as practicable after the closing date of the Shortfall Offer. Interest will not be paid on application monies refunded.

4.11 ASX listing

Application for Official Quotation of the Securities 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 Securities offered pursuant to this Prospectus before the expiration of 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 fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.12 Issue of Securities

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 Shares issued is less than the number applied for, or where no issue is made surplus application monies may 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.

4.13 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 having regard to the number of overseas Shareholders, the number and value of Shares 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 Shares will not be issued to

Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand 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.

4.14 Enquiries

Any questions concerning the Offer should be directed to Ms Eryn Kestel, Company Secretary, on +61 8 9367 8133.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$624,000 (before costs). No funds will be raised from the issue of the Listed Options.

The Company requires the funds from the Offer to maintain its existing assets and to meet its short to medium term working capital requirements.

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. | Payment of creditors | 120,000 | 19.23% |
| 2. | Exploration on the Company's projects | 284,000 | 45.51% |
| 3. | Expenses of the Offer ¹ | 80,000 | 12.82% |
| 4. | Working capital | 140,000 | 22.44% |
| | Total | 624,000 | 100 |

Notes:

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

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 will be to:

- (a) increase the cash reserves by \$544,000 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 156,000,000 as at the date of this Prospectus to 312,000,000 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from nil as at the date of this Prospectus to 78,000,000 Options following completion of the Offer.

5.3 Pro-forma balance sheet

The reviewed balance sheet as at 31 December 2013 (extracted from the Company's reviewed 31 December 2013 Interim Financial Report as announced on 14 March 2014) and the unaudited pro-forma balance sheet as at 31 December 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 balance sheet has been prepared assuming all Entitlements are accepted and including expenses of the Offer and includes the effect of Shares issued under a placement announced on 4 February 2014, which raised approximately \$100,135 (**Placement**) and additional adjustments to trade payables as set out in Note 3. For the avoidance of doubt, it does not reflect any other transactions which occurred between 1 January 2014 and up to the date of this Prospectus.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and the entities it controls and pro-forma assets and liabilities of the Company and the entities it controls 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.

| | AUDITOR REVIEWED 31 DECEMBER 2013 \$ | UNAUDITED PRO FORMA ADJUSTMENTS \$ | UNAUDITED PRO FORMA 31 DECEMBER 2013 \$ |
|---|--|---|---|
| CURRENT ASSETS | | | |
| Cash and cash equivalents ¹ | 9,767 | 644,135 | 653,902 |
| Trade and other receivables | 27,670 | - | 27,670 |
| Other current assets | 16,331 | - | 16,331 |
| TOTAL CURRENT ASSETS | 53,768 | 644,135 | 697,903 |
| | | | |
| NON-CURRENT ASSETS | | | |
| Deferred exploration and evaluation expenditure | - | - | - |
| Property, plant and equipment | 878 | - | 878 |
| TOTAL NON-CURRENT ASSETS | 878 | - | 878 |
| | | | |
| TOTAL ASSETS | 54,646 | 644,135 | 698,781 |
| | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 482,507 | (183,163) ³ | 299,344 |
| Borrowings | 76,880 | - | 76,880 |
| TOTAL CURRENT LIABILITIES | 559,387 | (183,163) | 376,224 |
| | | | |
| TOTAL LIABILITIES | 559,387 | (183,163) | 376,224 |
| | | | |
| NET ASSETS (LIABILITIES) | (504,741) | 827,298 | 322,557 |

| | AUDITOR REVIEWED 31 DECEMBER 2013 \$ | UNAUDITED PRO FORMA ADJUSTMENTS \$ | UNAUDITED PRO FORMA 31 DECEMBER 2013 \$ |
|--|--|---|---|
| EQUITY | | | |
| Contributed equity and option reserve ² | 33,118,949 | 745,135 | 33,864,084 |
| Accumulated losses | (33,623,690) | 82,163 | (33,541,527) |
| TOTAL EQUITY/(NET LIABILITIES) | (504,741) | 827,298 | 322,557 |

| Note 1: Cash and Cash Equivalents | | |
|---|--|----------------|
| | | \$ |
| Reviewed 31 December 2013 | | 9,767 |
| Application funds received under Placement | | 100,135 |
| Application funds received under Offer | | 624,000 |
| Less: expenses of the Offer | | (80,000) |
| Unaudited Pro forma 31 December 2013 | | 653,902 |

| Note 2: Contributed Equity and Option reserve | | | |
|--|--------------------|-------------------|-------------------|
| | No. Shares | No. Options | \$ |
| Reviewed 31 December 2013 | 135,973,088 | - | 33,118,949 |
| Issued under Placement | 20,026,912 | - | 100,135 |
| Issued under Offer: | 156,000,000 | 78,000,000 | 624,000 |
| Less: expenses of the Offer | - | - | (80,000) |
| To be issued, subject to Shareholder approval, in settlement of trade payables | 25,250,000 | - | 101,000 |
| Unaudited Pro forma 31 December 2013 | 337,250,000 | 78,000,000 | 33,864,084 |

| Note 3: Trade and Other Payables | | |
|--|--|-----------|
| | | \$ |
| Reviewed 31 December 2013 | | 482,507 |
| Amounts waived by Directors | | (34,000) |
| Amounts considered no longer payable | | (48,163) |
| Amounts to be settled by the issue of Shares | | (101,000) |

| | | |
|--|--|----------------|
| subject to Shareholder approval | | |
| Unaudited Pro forma 31 December 2013* | | 299,344 |

* Fees and amounts due to Directors and a major creditor totaling \$59,979 have been deferred pending a significant project or funding.

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 or Convertible Notes converted prior to the Record Date, is set out below.

Shares

| | Number |
|--|--------------------------------|
| Shares currently on issue | 156,000,000 |
| Shares offered pursuant to the Offer | 156,000,000 |
| Total Shares on issue after completion of the Offer | 312,000,000¹ |

Notes:

1. Additionally, subject to Shareholder approval, the Company will issue up to 25,250,000 Shares in settlement of \$101,000 in trade payables.

Options

| | Number |
|--|-------------------|
| Options currently on issue: | Nil |
| Listed Options offered pursuant to the Offer (Quoted exercisable at \$0.004 on or before 31 March 2016) | 78,000,000 |
| Total Options on issue after completion of the Offer | 78,000,000 |

In addition, as at the date of the Prospectus, the Company has 50,000 Convertible Notes on issue with a face value of \$50,000 at a conversion price of \$0.0125 per Share to issue a maximum of 4,000,000 Shares. The material terms of the Convertible Notes are contained in the summary of the Convertible Note Deed in section 8.3 of this Prospectus.

5.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, 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 | % |
|-------------------------------------|------------|-------|
| Red Rock Resources PLC ¹ | 54,908,554 | 35.20 |
| Mathew Walker | 20,026,192 | 12.84 |
| Ecometrix Pty Ltd ² | 22,057,330 | 14.14 |

Notes:

1. Red Rock Resources PLC is an entity controlled by Mr Andrew Bell, a director of the

Company.

2. Additionally, Ecometix Pty Ltd holds 50,000 Convertible Notes. Refer to section 8.3 for further details.

Cicero, an entity controlled by Mr Mathew Walker, who is a substantial Shareholder of the Company, has agreed to sub-underwrite the Offer. Please refer to section 4.7 for details of the sub-underwriting and potential effect on Mr Walker's voting power.

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

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

The following is a summary of the more significant rights and liabilities attaching to the 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 holders of those Shares. 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.

6.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

6.2 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:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) 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 vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

6.3 Dividend rights

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Subject to the rights of any preference Shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to dividend, the dividend as declared 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 in accordance with Part 2H.5 of Chapter 2H of the Corporations Act. The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution.

6.4 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 property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other Shares in respect of which there is any liability.

6.5 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.

6.6 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.

6.7 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 a special resolution passed at a separate meeting of the holders of the shares of that class.

6.8 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 the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6.9 Options

The Listed Options entitle the holder to subscribe for Shares on the following terms and conditions:

(a) **Entitlement**

Each Listed Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Listed Option will be \$0.004 (**Exercise Price**)

(c) **Expiry Date**

Each Listed Option will expire at 5:00 pm (WST) on 31 March 2016 (**Expiry Date**). An Listed Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Listed Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Listed Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Listed Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Listed Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Listed Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a

notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Listed Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Listed Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the U Listed Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Listed Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Listed Options without exercising the Listed Options.

(l) **Change in exercise price**

A Listed Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Listed Option can be exercised.

(m) **Transferability**

The Listed Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

7. RISK FACTORS

7.1 Introduction

The Shares 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 Shares 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 Shares.

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

7.2 Key Company Risks

Funding Risk and Future Capital Needs

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 Offer. 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 programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

In these circumstances, shareholders may face the loss of a substantial portion of their investment.

Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 156,000,000 currently on issue to 312,000,000. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.005 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

7.3 Specific Australian Risks

Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are 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.

Tenure and Access

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved. Currently all tenements in the Northern Territory are applications only.

The Company's tenements are subject to numerous State-specific legislation conditions. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

7.4 Uranium Specific Risks

The current and future operations of the Company in relation to uranium, including exploration, appraisal and production activities, may be affected by a range of factors, including the following.

Government regulation and policy

Uranium mining in Australia is subject to extensive regulation by State and Federal Governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Compliance with such laws and regulations may increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent the proliferation of nuclear weapons. The export of uranium is controlled by the Federal

Government through its licensing process and it is understood that Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

Mining Policy

Both Federal Coalition and Labour Party policy favours the development of new uranium mines, albeit under strict environmental, heritage and nuclear safeguards. However, there can be no assurance that the policy will not change in the future and this may adversely affect the long-term prospects of the Company.

Mining uranium in Western Australia was prohibited under the policy of the former State Government from June 2002 until to September 2008. On November 17, 2008, the then State Government revoked the ban and is now focusing on developing this sector. Although the ban on uranium mining was only lifted recently, Western Australian regulators and the mining industry have been managing the safe mining, transport and export of radioactive material in the mineral sands and tantalum sectors for 40 years. The WA Government is working closely with other States to build on their industry experience and is committed to ensuring that further development of Western Australia's regulatory framework is world's best practice and that associated departments have the resources to deal with radiation issues associated with uranium mining.

Pursuant to the *Atomic Energy Act 1953* (Cth) and the *Northern Territory Self-Government) Regulations 1978* (Cth) the Commonwealth has reserved its powers on uranium mining in the Northern Territory. The NT Mining Act requires that the Northern Territory Minister for Mines must consult with the Commonwealth Minister for Industry, Tourism and Resources before granting a mining title that relates to uranium, and must act in accordance with any advice that the Commonwealth Minister provides.

The Government of Malawi is currently in the process of putting in place a uranium mining legislation as the country does not currently have such legislation although it has approved uranium mining to an Australian company.

There can be no assurance that these policies will not change in the future and this may adversely affect the long-term prospects of the Company.

Export Policy

The Commonwealth Government maintains tight controls over the export of uranium through its licensing process. Uranium may only be sold and exported in accordance with the *Customs (Prohibited Exports) Regulations 1958* (Cth) and the *Nuclear Non-Proliferation (Safeguards) Act 1987* (Cth). Australian uranium can only be exported to countries that undertake to use it for peaceful purposes. Uranium mining itself is also extensively regulated. Complying with these laws and regulations increases the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. The approvals required are more rigorous than those for the mining of other metals. There is a risk that should economic deposits of uranium be discovered, the requisite government approvals may not be granted or may be significantly delayed, thereby rendering the deposits uneconomic.

Competition from alternative energy and public perception

Nuclear energy is in direct competition with other, more conventional sources of energy which include oil, gas, coal and hydro-electricity. These conventional

energy sources may be provided at lower cost resulting in a decrease in demand for uranium.

Furthermore, the growth of the nuclear power industry (and resulting increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments for nuclear energy is its substantially reduced level of carbon emissions. Alternative energy systems such as wind or solar also have very low levels, if any, of carbon emissions. However, to date these have not been efficient enough to be relied upon. Technology changes may occur that make alternative energy systems more efficient and reliable.

7.5 Specific Malawian Risks

Government Regulation and Policy

All minerals in Malawi are vested in the President on behalf of the Malawian people. The exploration, mining and disposal of these minerals are governed by the Mines and Minerals Act 1981. The administration of the Mines and Minerals Act 1981 is the responsibility of the Commissioner for Mines and Minerals in the Ministry of Energy and Mining.

There are numerous companies presently engaged in mining activities in Malawi.

The Directors of the Company are unaware of any legislation or policy within Malawi which could adversely affect the establishment of mining operations within the country.

There are risks attaching to exploration operations in a developing country which are not necessarily present in a developed country which can impact on a range of factors such as sovereign risk, safety, security, costs, ability to operate, country policy, fiscal provisions and laws and can lead to delays or even the suspension of operations.

No assurance can be given regarding future stability in Malawi or any other country in which the Company may have an interest.

Sovereign risk

Some of the Company's project interests are located in Malawi which is considered to be a developing country and as such subject to emerging legal and political systems compared with the system in place in Australia.

Possible sovereign risks include without limitation changes in the terms of mining tenements, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may in the future adversely affect the financial performance of the Company and the market price of its Shares.

No assurance can be given regarding future stability in both Australia and Malawi.

Title Risks

The mining tenements in which the Company has or may acquire an interest in are subject to the applicable local laws and regulations. There is no guarantee that any tenement applications or conversions in which the Company has a current or potential interest will be granted.

Tenements (or applications) in which the Company has an interest are (or, if granted, will be) subject to the relevant conditions applying in Malawi. Failure to comply with these conditions may render the licences liable to forfeiture.

All of the projects in which the Company has an interest will be subject to application for tenement renewal from time to time. Renewal of the term of each tenement is subject to applicable legislation. If a tenement is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement. However, the Directors are not aware of any reason why renewal of the term of any tenement will not be granted.

The Company is reliant to a certain extent on the cooperation and compliance of parties to the agreements to which it is a party.

Legal System in Malawi

The legal system operating in Malawi may be less developed than more established countries, which may result in risk such as:

- (a) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;
- (b) a higher degree of discretion on the part of governmental agencies;
- (c) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (d) the relative inexperience of the judiciary and courts in such matters.

There can be no assurance joint ventures, licences, license application or other legal arrangements will not be adversely effected by the actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

7.6 General Risks

No guarantee of exploration success

Mineral exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable and saleable mineral resources will be identified. Even if mineral resources are identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the discovery.

Investors should note that in relation to the Company's projects, any potential quantity and grade is conceptual in nature and, there has been insufficient

exploration to define a mineral resource in respect of the Company's projects at the date of this Prospectus.

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

In Malawi, exploration expenditure is a warrant of expenditure and any deficit in expenditure is payable to the Malawi Government, unless exemption from expenditure is granted by the Minister.

To ensure that the Company's ongoing fixed cost base is appropriate and to take account of changed markets, all tenements are reviewed on an ongoing basis and those that do not add value as part of the diversification strategy are being relinquished as and when required.

Compulsory Work Obligations

Each of the Company's tenements is subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. These commitments may be varied on application by the tenement holder but any such variation is at the sole discretion of the Minister administering the relevant mining legislation. If no variation is approved, and there is failure to meet the commitments, this could lead to forfeiture of the tenement.

Competition Risk

The industry in which the Company will be involved is subject to domestic and global competition. While 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 operating and financial performance of the Company's projects and business.

General Economic Climate

Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital, commodity price, proposed resource super profits tax legislation and industrial disruption have an impact on business costs, commodity prices and stock market prices. The Company's operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of the Company.

Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies, products or technologies. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies.

Reliance on Key Employees

The Company does and will rely on a number of key employees. The Company has in place employment contracts with key employees and has the objective of providing attractive employment conditions in general to assist in retaining key employees. However, there can be no guarantee that the Company can retain its key employees.

Share Market

Share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) metal price fluctuations;
- (e) changes in investor sentiment toward particular market sectors;
- (f) the demand for, and supply of, capital; and
- (g) terrorism or other hostilities.

Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares 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 Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to 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 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 the date prior to the lodgement of this Prospectus with the ASIC are set out in the table below.

| Date | Description of Announcement |
|-------------|--|
| 14/03/2014 | December 2013 Interim Financial Report |
| 13/02/2014 | Change in Substantial Holding for Red Rock Resources |
| 05/02/2014 | Mr Walker Becomes a Substantial Holder |
| 04/02/2014 | Section 708A (5)(E) Notification for Placement Shares |
| 04/02/2014 | Placement Funds Appendix 3B |
| 31/01/2014 | December 2013 Quarter Activities Report |
| 31/01/2014 | December 2013 Quarter Cashflow Report |
| 18/12/2013 | Initial Director's Interest Notice for Mr Karantzias |
| 18/12/2013 | Final Director's Interest Notice |
| 18/12/2013 | Board Movements |
| 29/11/2013 | Results of 2013 Annual General Meeting |
| 21/11/2013 | Change in substantial holding for Red Rock Resources |
| 21/11/2013 | Change of Director's Interest Notice for Mr Bell |
| 20/11/2013 | Notification under Section 708A(5)(E) |
| 20/11/2013 | Appendix 3B for the issue of Shares from a Note conversion |
| 01/11/2013 | Clarification |
| 30/10/2013 | Notice of 2013 Annual General Meeting |
| 30/10/2013 | Cashflow Report for the September 2013 Quarter |
| 30/10/2013 | Activities Report for the September 2013 Quarter |
| 17/10/2013 | Notification under Section 708A (5)(E) |
| 17/10/2013 | Appendix 3B |
| 17/10/2013 | Update of Acquisitions |

| Date | Description of Announcement |
|-------------|---|
| 15/10/2013 | Trading Halt |
| 07/10/2013 | Notification Under Section 708A (5) (E) |
| 07/10/2013 | Appendix 3B |

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 ASX's website

8.3 Material Contracts

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

Underwriting Agreement

By an agreement between Truestone Capital Limited (**Underwriter**) and the Company dated 7 April 2014 (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer.

The Company has agreed to pay the Underwriter the following fees for its services:

- (a) 6% of the total underwritten amount, being approximately \$37,440 (plus GST); plus
- (b) an initial fee of \$5,000 (plus GST).

The Company will also reimburse the Underwriter for all reasonable costs and expenses incidental to the Offer.

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:

- (a) **(Indices fall):** either:
 - (i) the Australian All Ordinaries Index; or
 - (ii) the Dow Jones Industrial Average,

fall by 5% or more below their respective levels as at the close of business on the Business Day prior to the date of the Underwriting Agreement and remain 5% or more below their respective levels as at the close of business on the Business Day prior to the date of the Underwriting Agreement for two consecutive Business Days; or
- (b) **(Prospectus):** the Company does not issue the Prospectus on the Offer Despatch Date (or such later date as the parties agree) or the Prospectus or the Offer is withdrawn by the Company; or
- (c) **(Copies of Prospectus):** the Company fails to provide as many copies of the Prospectus as the Underwriter may from time to time reasonably

require for the purposes of the Offer and such failure is not remedied within 2 days; or

- (d) **(Supplementary Prospectus):**
- (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence of public statements made by the Company without the prior approval of the underwriter, forms the view on reasonable grounds that a document supplementing, updating or replacing the Prospectus should be issued for any of the reasons referred to in section 713 of the Corporations Act and the Company fails to issue a document supplementing, updating or replacing the Prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company issues a document supplementing, updating or replacing the Prospectus without the prior written agreement of the Underwriter; or
- (e) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act; or
- (f) **(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 (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or 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, in each case, in any material respect;
- (g) **(Restriction on issue):** the Company is prevented from issuing the Shares and Listed Options within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (h) **(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;
- (i) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date (as defined in the Underwriting Agreement) has arrived, and that application has not been dismissed or withdrawn;
- (j) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;

- (k) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to Offer (other than due to any act or omission of the Underwriter) are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (l) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel 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;
- (m) **(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 (other than due to any act or omission of the Underwriter) in a manner unacceptable to the Underwriter;
- (n) **(Indictable offence):** a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (o) **(Termination Events):** any of the termination events as set out in the Underwriting Agreement occurring resulting in a material adverse effect on the Offer, the Company or the Underwriter's obligations.

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

Sub-underwriting Agreement

Cicero, an entity controlled by Mr Walker who is a substantial shareholder of the Company, has agreed with the Underwriter to sub-underwrite a total of \$624,000 of the Shortfall Securities. The terms of the sub-underwriting are as follows:

- (p) the maximum number of Securities taken up under the Sub-underwriting Agreement is 156,000,000 Shares and 78,000,000 Listed Options which represents \$624,000 (**Sub-underwriting Commitment**);
- (q) Cicero will be paid a sub-underwriting fee equal to \$37,440 which is 6% of the Sub-underwriting Commitment. Additionally, the Underwriter will reimburse Cicero for his expenses for an amount up to \$2,500;
- (r) the Underwriter may, in its sole and absolute discretion, elect to reduce Cicero's Sub-Underwriting Commitment and offer a portion of the Sub-Underwriting Commitment to another person or entity and Cicero's underwriting fee will be reduce accordingly;
- (s) the obligations under the Sub-Underwriting Agreement will only terminate if the obligations of the Underwriter under the Underwriting Agreement cease or are terminated; and
- (t) Cicero may only assign, transfer or deal with the Sub-Underwriting Commitment with the prior written consent of the Underwriter.

In addition to his obligations, as a director and shareholder of Cicero, under the Sub-Underwriting Agreement Mr Walker has informed the Company that he intends to subscribe for his full Entitlement. For further details in respect of the impact on Mr Walker's voting power and his future intentions please refer to Sections 4.7 and 4.8.

Convertible Note Deed

On 4 June 2013, the Company entered into a convertible note deed with Fernshaw Securities Pty Ltd (**Fernshaw**) (**Convertible Note Deed**). Pursuant to which Fernshaw agreed to provide the Company with the ability to draw down up to \$500,000 through convertible notes, convertible into Shares at a conversion price of \$0.0125. As announced on 5 September 2013 the Convertible Note Deed was assigned to new parties in accordance with the transfer and assignment provisions of the Convertible Note Deed. Pursuant to the Convertible Note Deed the Company has drawn down \$160,000 in convertible security to assist with its working capital requirements and the remaining draw down facility has been terminated. Of the \$160,000, \$110,000 has been converted into Shares. Convertible Notes of \$50,000 remain outstanding to Ecometrix Pty Ltd and may be converted into 4,000,000 Shares at the election of Ecometrix Pty Ltd within 12 months from the issue date being 17 October 2014 (**Maturity Date**). In the absence of a prior conversion the Convertible Notes will automatically convert on the Maturity Date. The Convertible Notes bear interest of 5.5% per annum and will be satisfied at Ecometrix Pty Ltd's election by payment in cash or the issue of Shares at a price of \$0.0125.

8.4 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 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the last date of those sales were:

| | | |
|---------|---------|------------------|
| Highest | \$0.008 | 15 January 2014 |
| Lowest | \$0.003 | 14 February 2014 |
| Last | \$0.005 | 27 March 2014 |

8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 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 | Shares | Options | Entitlement - Shares | Entitlement - Listed Options | \$ |
|-----------------------------|------------|---------|----------------------|------------------------------|---------|
| Mr Andrew Bell ¹ | 54,908,554 | Nil | 54,908,554 | 27,454,277 | 219,634 |
| Mr Charles Guy | Nil | Nil | Nil | Nil | Nil |
| Mr George Karantzias | Nil | Nil | Nil | Nil | Nil |

Notes:

1. These Shares are held indirectly by Red Rock Resources PLC, a Company of which Mr Bell is a director.

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 at an amount not to exceed \$210,000 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 respectively in or about the performance of their duties as Directors.

The Company paid to the Directors a total remuneration of \$150,717 for the year ended 30 June 2012 and \$105,438 for the year ended 30 June 2013. In addition to the above, the Directors have not been paid fees from the end of the

previous financial year until the date of this Prospectus. The Directors have agreed to waive their respective Directors' fees until a new project is identified and successfully acquired.

Directors and companies associated with Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

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;
- (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 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.

Truestone Capital Limited will be paid an underwriting fee of up to \$42,440 in respect of this Offer.

Cicero Advisory Services Pty Ltd, an entity controlled by Mathew Walker, will be paid a sub-underwriting fee of \$37,440 by the Underwriter in respect of this Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services.

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.

Truestone Capital Limited has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named. Truestone Capital Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Cicero Advisory Services Pty Ltd has given its written consent to being named as sub-underwriter to the Offer in this Prospectus, in the form and context in which it is named. Cicero Advisory Services Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC. Cicero Advisory Services Pty Ltd is not currently a Shareholder of the Company, however Cicero Advisory Services Pty Ltd has a relevant interest in 20,026,192 Shares held by Mathew Walker. Mathew Walker has indicated that it is his intention to subscribe for his full Entitlement under the Offer in respect of all of the Shares in which it has a relevant interest.

Mathew Walker has given his written consent to being named in the form and context in which he is named and to the inclusion of his intentions as set out in Section 4.8 in this Prospectus, in the form and context in which they appear. Mathew Walker has not withdrawn his 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.

HLB Mann Judd (Vic Partnership) has given its written consent to being named as the auditor of the Company in this Prospectus and the inclusion of the 31 December 2013 reviewed balance sheet of the Company as extracted from the Company's 31 December 2013 Interim Financial Report in Section 5.3. HLB Mann Judd (Vic Partnership) 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 \$80,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

| | \$ |
|---------------------------|---------------|
| ASIC fees | 2,225 |
| ASX fees | 3,685 |
| Underwriting Fees | 42,440 |
| Legal Fees | 20,000 |
| Printing and distribution | 8,500 |
| Miscellaneous | 3,150 |
| Total | 80,000 |

8.9 Electronic prospectus

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 08 9367 8133 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

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

8.10 Clearing House Electronic Sub-Register System (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 Shares 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.

8.11 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company. 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 Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company 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 for Securities, 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.

Andrew Bell
Director
For and on behalf of
Resource Star Limited

10. GLOSSARY

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

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

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

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 CHES.

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.

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

Cicero means Cicero Advisory Services Pty Ltd (ACN 166 321 393).

Company means Resource Star Limited (ACN 098 238 585).

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

Convertible Note Deed has the meaning given in section 8.3 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.

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.

Listed Option means an Option issued on the terms set out in section 6.9 of this Prospectus.

Offer means the non-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.

Prospectus means this prospectus.

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

Relevant Company means the Company and each subsidiary of the Company.

Securities means Shares and/or Options offered pursuant to the Entitlement.

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

Shareholder means a holder of a Share.

Shortfall means the Shares 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 4.10 of this Prospectus.

Shortfall Securities means those Securities issued pursuant to the Shortfall.

Sub-underwriting Agreement means the sub-underwriting agreement between the Underwriter and Mr Walker as summarised in Section 8.3 of this Prospectus.

Truestone Capital means Truestone Capital Limited a company incorporated in the United Kingdom, company number 6127809.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter as summarised in Section 8.3 of this Prospectus.

Underwriter means Truestone Capital.

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