

ASX ANNOUNCEMENT

LODGEMENT OF PROSPECTUS

Please find following a prospectus which was lodged with the Australian Securities and Investments Commission on 11 July 2014.



Shane McBride
Company Secretary

11 July 2014

ENERGY AND MINERALS AUSTRALIA LIMITED

ACN 120 178 949

PROSPECTUS

For the offer and issue of:

- 400,000,000 Shares at an issue price of \$0.03 per Share to raise \$12 million (**Placement Shares**)
- 400,000,000 Options with an exercise price of \$0.05 and an expiry date of 30 June 2016 (**Placement Options**)
- 514,076,978 Shares on conversion of the Convertible Notes (**Conversion Shares**)
- 99,664,231 Shares in payment and satisfaction of the Promissory Notes (**Promissory Note Shares**)

The Offers and issue of Offer Securities under this Prospectus are strictly limited to Eligible Investors.

This Prospectus is being issued for the purposes of facilitating the secondary trading of the Offer Shares as well as the underlying Shares to be issued upon exercise of the Placement Options.

THIS PROSPECTUS IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY.

If you do not understand the contents of this Prospectus, you should consult your professional adviser.

The Offer Securities to be issued under this Prospectus should be considered speculative.

CORPORATE DIRECTORY

DIRECTORS

The Hon. Cheryl Edwards – Non-Executive Chairman
Mr Michael Young – Managing Director, Chief Executive Officer
Mr Julian Tapp – Executive Director, Chief Operating Officer
Mr David Cornell – Non-Executive Director

COMPANY SECRETARY

Mr Shane McBride

OFFICES

Registered Office

Ground floor, 25 Richardson Street
West Perth, Western Australia 6005
Tel: (61 8) 9389 2700
Fax: (61 8) 9389 2722

Principal Office

Ground floor, 25 Richardson Street
West Perth, Western Australia 6005
Tel: (61 8) 9389 2700
Fax: (61 8) 9389 2722

WEBSITE

www.eama.com.au

SOLICITORS TO THE COMPANY

K&L Gates
Level 32, 44 St Georges Terrace
Perth, Western Australia 6000

AUDITORS TO THE COMPANY

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
West Perth, Western Australia 6005

ASX Code: EMA

IMPORTANT NOTICE

1. PROSPECTUS

This Prospectus relates to the offer by Energy and Minerals Australia Ltd ACN 120 178 949 (**EMA** or the **Company**) of the Offer Securities.

This Prospectus is dated 11 July 2014. A copy of this Prospectus has been lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus.

No securities will be issued or allotted on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Application will be made within seven days after the date of this Prospectus for the Offer Shares to be listed for quotation by ASX. The fact that ASX may quote the Offer Shares is not to be taken in any way as an indication of the merits of the Company.

This Prospectus is a transaction specific prospectus and has been prepared in accordance with Section 713 of the Corporations Act. Accordingly, in preparing this Prospectus, regard has been made to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. 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 information that is generally required to be included in a prospectus. Further information is provided in Section 6.8 of this Prospectus.

Applications for Offer Securities offered pursuant to this Prospectus can only be submitted on the applicable original Application Form which accompanies this Prospectus.

2. DISCLAIMER

The information contained in this Prospectus is not investment advice. You should read and understand the entire Prospectus and, in particular, in considering the Company's prospects, you should consider the risk factors that could affect the Company's performance, which are set out in Section 5. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional adviser before deciding to invest.

The pro-forma financial information provided in this Prospectus is for illustrative purposes only and is not represented as being indicative of the Company's view on its future financial condition or performance.

Any references to past performance of the Company are no guarantee of future performance.

The Offer Securities to be issued pursuant to this Prospectus should be considered speculative.

3. NO REPRESENTATIONS OTHER THAN THIS PROSPECTUS

No person is authorised to give any information or to make any representation in connection with the offer that is not contained in this Prospectus or has not been released to ASX with the authorisation of the Company.

4. FORWARD LOOKING INFORMATION

Some of the statements appearing in this Prospectus may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate.

Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties include factors and risks specific to the industry in which the Company operates as well as general economic conditions, interest rates, exchange rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and any variation may be materially positive or negative. Forward looking information (including forecast financial information) is subject to uncertainty and contingencies, many of which are outside the control of the Company.

5. NO COOLING OFF RIGHTS APPLY TO THIS OFFER

Cooling off rights do not apply to an investment pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application Form once it has been lodged.

6. APPLICATIONS

This Prospectus has been made available in electronic form. The offer constituted by this Prospectus in electronic form is available only to people receiving this Prospectus in electronic form within Australia. Eligible Investors using the Application Form which accompanies the electronic version of this Prospectus must be persons resident in and located in Australia only.

The following conditions apply if this Prospectus is accessed electronically:

- you must download and read the prospectus in its entirety; and
- your application will only be considered where you have applied on an electronic or paper copy of an Application Form that accompanied this electronic Prospectus.

By making an application, you declare that you were given access to the electronic Prospectus together with the Application Form and you are accessing and printing the electronic version of the Prospectus in Australia.

7. RESTRICTIONS ON FOREIGN JURISDICTIONS

This Prospectus does not constitute an offer of, or an invitation to subscribe for, any Offer Securities in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

No action has been taken to register or qualify the Offer Securities or otherwise permit a public offering of the Offer Securities in any jurisdiction other than Australia. This Prospectus may not be distributed to or relied on by persons outside Australia without the consent of the Company.

The Offer Shares have not been and will not be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of any Eligible Investor to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Application Form will be taken by the Company as a representation that there has been no breach of such laws and that the Applicant is physically present in Australia.

8. PRIVACY ACT

Eligible Investors will provide personal information to the Company and the share registry. Company laws and tax laws require some of the information to be collected and kept. The Company will collect, hold and use the information provided by Eligible Investors to process applications and to administer investments in the Company.

If the information requested in the Application Form is not provided, the Company and the share registry may not be able to process the relevant application.

The Company may disclose personal information for purposes related to shareholders' investments to the Company's agents and service providers. The types of agents and service providers that may be provided with personal information and the circumstances in which personal information may be shared are:

- (a) the share registry for ongoing administration of the shareholder register;
- (b) printers and other companies for the purpose of preparation and distribution of statements and for handling mail; and
- (c) legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering and advising on the Shares and for associated actions.

The Company complies with its legal obligations under the *Privacy Act 1988 (Cth)*.

Shareholders may request access to their personal information held by (or on behalf of) the Company, and may be required to pay a reasonable charge to the share registry in order to access this personal information.

9. DEFINITIONS AND GLOSSARY, FINANCIAL AMOUNTS AND TIME

Definitions of certain terms used in this Prospectus are contained in Section 8. Unless otherwise indicated all references to currency are to Australian dollars and all references to time (such as "WST") are to Perth, Western Australian time.

IMPORTANT DATES

Lodgement of Prospectus with ASIC and ASX	Friday, 11 July 2014
Opening Date of the Offer	Friday, 11 July 2014
Closing Date of the Offer	Wednesday, 16 July 2014
Issue of Offer Securities	Wednesday, 16 July 2014
Despatch of holding statements for Offer Securities	Wednesday, 16 July 2014
Trading in Offer Shares to commence	Monday, 21 July 2014

This timetable is indicative only and subject to change. The Directors reserve the right to vary these dates without prior notice.

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1. OVERVIEW OF OFFERS

Question	Response	More Information
Who is the issuer?	Energy and Minerals Australia Ltd (ACN 120 178 949)	
What are the Offers?	<p>The Offers are the offers of:</p> <ul style="list-style-type: none"> (a) 400,000,000 Placement Shares (b) 400,000,000 Placement Options (c) 514,076,978 Conversion Shares (d) 99,664,231 Promissory Note Shares <p>The Offer Securities shall be offered to Eligible Investors.</p> <p>There are no general offers being made to the public.</p>	Sections 2.1, 2.2, 2.4 and 2.5
What are the Placement Shares and the Placement Options?	<p>As announced by the Company on 5 May 2014, the Company has agreed with FFI, an Andrew Forrest entity within the Minderoo Group, to raise \$12 million by way of an equity capital raising (Placement).</p> <p>Pursuant to the Placement, the Company will issue to FFI, and FFI will subscribe for, 400,000,000 Placement Shares, at an issue price of \$0.03 for each Placement Share to raise \$12 million. These Placement Shares are fully paid ordinary shares in the Company.</p> <p>A free unlisted Placement Option will be attached to each Placement Share. The Placement Options will have an exercise price of \$0.05 and an expiry date of 30 June 2016.</p>	Sections 2.4, 2.15, 4.1 and 4.2
What are the Conversion Shares?	<p>Acorn, Acorn Clients, Macquarie and Element currently hold Convertible Notes (the current Convertible Noteholders).</p> <p>The Convertible Noteholders have agreed to convert all their Convertible Notes. The conversion of the Convertible Notes will result in the issue of 514,076,978 Conversion Shares at an issue price of \$0.038 for each Conversion Share. These Conversion Shares are fully paid ordinary shares in the Company.</p>	Sections 2.5, 2.15 and 4.1
What are the Promissory Note Shares?	<p>A number of the Convertible Noteholders also previously provided funding to the Company in the form of on demand Promissory Notes.</p> <p>The holders of the Promissory Notes (Promissory Noteholders) have agreed for the Company to issue Shares to repay and satisfy their Promissory Notes which will result in the issue of 99,664,231 Promissory Note Shares at an issue price of \$0.038 for each Promissory Note Share. These Promissory Note Shares are fully paid ordinary shares in the Company.</p>	Sections 2.5, 2.15 and 4.1
When is the Offer Period?	The Offers will be open for receipt of acceptances on Friday, 11 July 2014 and will close at 5.00pm (Perth time) on Wednesday, 16 July 2014 or such other date	Section 2.6

Question	Response	More Information
	as the Board may determine in its absolute discretion.	
When will the Offer Securities be issued?	The Offer Securities will be issued on Wednesday, 16 July 2014 or such other date as the Board may determine in its absolute discretion.	Section 2.11
What is the effect of the Offers on the control of the Company?	<p>As at Friday, 11 July 2014, the Company has:</p> <p>(a) 423,726,209 Shares</p> <p>(b) 264,556,610 Options</p> <p>(c) 15,021,053 Convertible Notes</p> <p>Following the completion of the Placement and the Notes Conversion, the Company will have the following securities on issue:</p> <p>(a) 1,437,467,418 Shares</p> <p>(b) 664,556,610 Options</p> <p>The Placement and the Notes Conversion will result in significant dilution in the interests of existing Shareholders.</p>	Section 3.2
What is the effect of the Offers on the Company's financial position?	The effect of the Offers on the Company's financial position is set out in the pro-forma balance sheet in Section 3.3.	Section 3.3
What are the key risks?	<p>The key risks relating to the Company and its operations are:</p> <p>(a) Uranium Risk - Uranium exploration and mining is subject to regulation by state and federal governments which may increase the costs of operations. In particular, the approval processes for uranium mining are more onerous than for the mining of other minerals. Compliance with such regulations may increase the costs of exploring, drilling, developing, constructing, operating and closing uranium mines and other production facilities.</p> <p>The export of uranium is currently permitted under strict national and international agreements designed to prevent nuclear proliferation. The export of uranium concentrate is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries that sign bi-lateral agreements which guarantee that the uranium is only used for peaceful purposes.</p> <p>If any parts of the exploration tenements in which the Company has an interest are now converted to mining leases during the term of the present State Government, these mining leases will not be subject to a condition prohibiting the mining of uranium. The mining</p>	Section 5

Question	Response	More Information
	<p>leases recently granted by the Western Australian Government and held by the Company are not subject to a condition prohibiting the mining of uranium. However, there can be no assurance that the policy with respect to uranium mining in Western Australia will not change in the future and this may adversely affect the long-term prospects of the Company.</p> <p>(b) Exploration Risk – Potential investors should be aware that exploration is a high risk activity that requires large amount of expenditure over an extended period of time. There is no assurance that exploration and development of the mineral interests owned by the Company will result in the delineation of resources or economically mineable reserves. There is no assurance that exploration and development of mineral interests owned by the Company will result in the establishment of a profitable mining operation.</p> <p>(c) Future capital requirements - The Company's activities will require substantial expenditures and there can be no guarantees that the funds raised through the Placement will be sufficient to meet those expenditures or that the Company will be able to obtain additional funding in future.</p> <p>See Section 5 for a more detailed list of risks.</p>	

2. DETAILS OF THE OFFER

2.1 Offers

This Prospectus is issued by the Company in relation to the proposed offer and issue of:

- (a) 400,000,000 Placement Shares at an issue price of \$0.03 for each Placement Share to raise \$12 million;
- (b) 400,000,000 Placement Options with each Placement Option having an exercise price of \$0.05 and an expiry date of 30 June 2016;
- (c) 514,076,978 Conversion Shares on conversion of the Convertible Notes; and
- (d) 99,664,231 Promissory Note Shares in payment and satisfaction of the Promissory Notes.

2.2 Background to the Offers

As announced by the Company and as set out in the Notice of Meeting:

- (a) On or about 2 May 2014, the Company entered into a binding term sheet with FFI, an Andrew Forrest entity within the Minderoo Group, to raise \$12 million by way of a Placement. The Company has now entered into a formal subscription agreement with FFI which reflects the terms of that term sheet.

Subject to a number of conditions, including various shareholder approvals:

- The Company will issue to FFI, and FFI will subscribe for, 400,000,000 Placement Shares at an issue price of \$0.03 for each Placement Share to raise \$12 million.
- A free unlisted Placement Option will be attached to each Placement Share. The Placement Options will have an exercise price of \$0.05 and an expiry date of 30 June 2016.
- (b) Acorn, Acorn Clients, Macquarie and Element currently hold Convertible Notes. A number of the Convertible Noteholders also previously provided funding to the Company in the form of on demand Promissory Notes.

Pursuant to a Note Conversion Deed and subject to the number of conditions, including various shareholder approvals, the Convertible Noteholders have agreed to convert all their Convertible Notes, and the Promissory Noteholders have agreed for the Company to issue shares to repay and satisfy their Promissory Notes (collectively known as the **Notes Conversion**). The issue price for each Promissory Note Share and the conversion price for the Convertible Notes will be \$0.038.

On 10 July 2014, Shareholders approved the Placement and the Notes Conversion. This Prospectus is issued by the Company in relation to the issue of Offer Shares and the Placement Options.

2.3 Purpose of the Prospectus

The Company will apply for quotation of the Offer Shares on ASX. The Company would normally issue these Offer Shares without disclosure under Part 6D.2 of the Corporations Act as the issue of these Offer Shares would fall within a disclosure exemption under section 708 of the Corporations Act.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to be able to on-sell those securities within 12 months of the date of their issue.

Ordinarily, the Company would rely on the exemption to this requirement in section 708A(5) of the Corporations Act by issuing a cleansing notice (**Cleansing Notice**), however given the Company's Shares have been suspended voluntarily, at the request of the Company, from trading on ASX for more than 5 days in the last 12 months, the Company is not permitted to lodge a Cleansing Notice and must issue a prospectus to ensure that the Offer Shares are freely tradeable.

Additionally, by issuing this Prospectus for the Placement Options, the Company does not need to issue a Cleansing Notice each time Shares are issued upon the exercise of the Placement Options.

Accordingly, the Company is issuing this Prospectus for the Offer Shares and the Shares issued upon the exercise of the Placement Options to be freely tradeable.

2.4 Terms of the Placement Offer

The Company will invite FFI to apply and subscribe for a total of 400,000,000 Placement Shares at an issue price of \$0.03 for each Placement Share to raise up to \$12 million. A free unlisted Placement Option will be attached to each Placement Share. Each Placement Option will have an exercise price of \$0.05 and will be exercisable at any time on or before 30 June 2016.

2.5 Terms of the Notes Offer

The Company will invite:

- (a) the Convertible Noteholders to apply and subscribe for a total of 514,076,978 Conversion Shares; and
- (b) the Promissory Noteholders to apply and subscribe for a total of 99,664,231 Promissory Note Shares.

The issue price for each Promissory Note Share and each Conversion Share is \$0.038. No cash consideration will be raised by the issue of the Promissory Note Shares and the Conversion Shares. The Promissory Note Shares will be issued to satisfy the Principal Promissory Amount (and any accrued interest) owing by the Company under the Promissory Notes at that time. The Conversion Shares will be issued as a result of the conversion of the Convertible Notes.

2.6 Opening and Closing Date

The Opening Date of the Offer will be Friday, 11 July 2014 and the Closing Date will be 5.00 pm WST on Wednesday, 16 July 2014. The Directors reserve the right to close the Offer early or extend the Closing Date in their discretion.

2.7 Applications

The Offer is being extended to FFI, the Convertible Noteholders and the Promissory Noteholders. There are no general offers being made to the public.

Application for the Offer Securities must be made using the Application Form attached to this Prospectus.

Applicants will need to follow the procedures advised to them by the Company for Applications under the Offers.

2.8 Brokerage and stamp duty costs

No brokerage or stamp duty is payable by Applicants on the issue of Offer Securities under this Prospectus.

2.9 Offer outside Australia

This Prospectus has not been and will not be registered under the securities laws of jurisdictions outside Australia. Accordingly, no Application Forms will be sent, and no offer will be made, to any person with a registered address outside Australia.

Recipients of this Prospectus may not send or otherwise distribute this Prospectus or the Application Form to any person.

2.10 Applying for quotation of Offer Securities

(a) Offer Shares

The Company will apply, within 7 days of the date of issue of this Prospectus, for the Offer Shares to be granted official quotation by ASX.

The fact that ASX may grant official quotation of the Offer Shares is not to be taken in any way as an indication of the merits of the Company or the Offer Shares now offered for subscription.

(b) Placement Options

The Company will not apply for official quotation of the Placement Options.

2.11 Issue of Offer Securities under the Offer

(a) Placement Securities

The Offer Securities will be issued only after all Application Monies for the Placement Shares, being the amount of \$12 million, have been received by the Company.

(b) Notes Conversion Shares

The issue of the Notes Conversion Shares is subject to the following outstanding conditions being satisfied:

- (i) the Placement completing;
- (ii) no insolvency event, being an event of default under clauses 12.1(d) to (k) (inclusive) of the Convertible Note Agreements, has occurred to the Company;
- (iii) the Company and its wholly owned subsidiaries is not in breach of any obligation given to the Noteholders under the Note Conversion Deed including undertakings not to:
 - A. increase the remuneration of, or provide additional remuneration to, a director or senior manager of the Company or any of its wholly-owned subsidiaries; and
 - B. incur any additional financial indebtedness other than as permitted by the Convertible Noteholders; and
- (iv) the Convertible Noteholders being satisfied that all of the Convertible Noteholders' costs in relation to the Note Conversion Deed have been paid or will be paid.

(c) Timing of the issue of the Offer Securities

It is expected that the Offer Securities will be issued on or about Wednesday, 16 July 2014.

Normal trading of the Offer Shares on ASX is expected to commence on or about Monday, 21 July 2014. If the Offer Shares are not quoted by ASX within three months after the date of this Prospectus, the Company will refund all Application Monies in full (without interest).

2.12 Minimum Subscription

There is no minimum subscription for the Offers.

2.13 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS, operated by ASX Settlement Pty Ltd (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement that sets out the number of Offer Securities issued to each successful Applicant under this Prospectus.

It is the responsibility of Applicants to determine their allocation before trading in the Offer Shares. Applicants who sell Offer Shares before they receive their statement do so at their own risk.

2.14 Effect of the Offers on the control of the Company

The aggregate percentage holding of existing Shareholders will be diluted by the issue of:

- (a) the Offer Shares; and
- (a) the Shares issued upon the exercise of the Placement Options.

With the issue of the Offer Shares as well as the Shares issued upon the exercise of the Placement Options, existing non-associated Shareholders' interests will be diluted from 92.83% to 21.93% on a diluted basis.

2.15 Rights attaching to Offer Securities

(a) Offer Shares

The Offer Shares issued under this Prospectus will be on a fully paid basis and will rank equally in all respects with existing Shares. A summary of the important rights attaching to the Offer Shares is contained in Section 4.1 of this Prospectus.

(b) Placement Options

The terms and conditions of the Placement Options are set out in Section 4.2 of the Prospectus. All Shares issued upon the exercise of the Placement Options will rank equally in all respects with existing Shares. A summary of the important rights attaching to the Shares is set out in Section 4.1 of this Prospectus.

2.16 Risk Factors

An investment in the Company carries certain risks that may impact on the future profitability of the Company and the value of the Company's securities. The Offer Securities should be considered speculative. The Directors recommend that the Eligible Investors carefully consider this Prospectus and consult their professional advisors before deciding whether to apply for Offer Securities pursuant to this Prospectus.

The risk factors affecting an investment in the Company are discussed in Section 5 of this Prospectus.

2.17 Enquiries

If you have any questions about the Offers, please contact the Company Secretary (Mr Shane McBride) at the Company's office on (+61 8) 9389 2700.

3. EFFECT OF THE OFFERS ON THE COMPANY

3.1 Use of the proceeds of the Offers

(a) Placement Offer

The funds raised from the Placement Shares will be:

- (i) applied towards the costs of the Offers; and
- (ii) used towards the completion of a bankable feasibility study for the Mulga Rocks project including:
 - A. metallurgical optimisation work;
 - B. infill and extension drilling to increase JORC 2004 code classification and size of existing JORC 2004 resources;
 - C. completion of environmental approvals;
 - D. design and construction of a pilot plant;
 - E. mine modelling to convert JORC 2004 resources to JORC 2012 reserves;
 - F. retention of tenements; and
 - G. additional working capital.

No money will be raised from the issue of the Placement Options to FFI. However, a total amount of \$20,000,000 will be raised if the Placement Options are exercised in full. There is no certainty that the Placement Options will be exercised in full with the likelihood of the Company raising this additional capital through the exercise of the Placement Options being dependant on the price of the Shares from time to time up to the expiry date of the Placement Options. If the Placement Options are fully exercised, the Company intends to use the proceeds raised from the exercise of the Placement Options for exploration and development of the Company's Mulga Rock uranium project and as general working capital.

(b) Notes Offer

No funds will be raised by the issue of the Promissory Note Shares and Conversion Shares. The Promissory Note Shares will be issued to satisfy the Principal Promissory Amount (and any accrued interest) owing by the Company under the Promissory Notes at that time. The Conversion Shares will be issued as a result of the conversion of the Convertible Notes.

3.2 Effect of the Offers on the Capital Structure

Set out below, for illustrative purposes only, is the existing capital structure (as at the date of this Prospectus) together with the impact of the issue of Offer Securities under the Offers.

Securities	Number
Current capital structure	
Shares currently on issue	423,726,209
Options currently on issue	

Securities	Number
Unlisted Options expiring 30 September 2014 exercisable at \$0.53	170,000
Unlisted Options expiring 14 October 2014 exercisable at \$0.22	59,356,725
Unlisted Options expiring 14 October 2014 exercisable at \$0.10	61,954,885
Unlisted Options expiring 31 January 2017 exercisable at \$0.18	1,075,000
Unlisted Options expiring 14 June 2018 exercisable at \$0.05	20,000,000
Unlisted Options expiring 16 December 2018 exercisable at \$0.10	61,000,000
Unlisted Options expiring 16 December 2018 exercisable at \$0.22	61,000,000
Total Options	264,556,610
Convertible Notes	15,021,053
Offer Securities to be issued	
Placement Shares	400,000,000
Placement Options expiring 30 June 2016 exercisable at \$0.05	400,000,000
Conversion Shares	514,076,978
Promissory Note Shares	99,664,231
Capital structure upon the issue of the Offer Securities	
Shares	1,437,467,418
Options	664,556,610
Convertible Notes	0

3.3 Effect of the Offers on the control of the Company

The aggregate percentage holding of existing Shareholders will be diluted by the issue of:

- » the Offer Shares; and
- » the Shares issued upon the exercise of the Placement Options.

Following the completion of the Placement and the Notes Conversion and with the issue of the Offer Shares as well as the Shares issued upon the exercise of the Placement Options:

- (a) Existing non-associated Shareholders' interests will be diluted from 92.83% to 21.93% on a diluted basis. Mr Michael Fewster, a current related party of the Company, and his associates (**Fewster**) will go from holding 60.45% of the issued capital of the Company to

13.94%, while other non-associated Shareholders will be diluted from 32.37% of the issued capital of the Company to 7.99% on a diluted basis.

- (b) If all the Noteholder Options are also exercised, Fewster will be diluted from holding 60.45% of the Company's issued capital to holding 12.31% while the non-associated Shareholders' interests will be diluted from 32.37% to 7.31%.
- (c) There will be 3 new major Shareholders in the Company as set out below:
 - (i) FFI will subscribe for 400,000,000 Placement Shares and 400,000,000 Placement Options and FFI's voting power will be:
 - A. approximately 27.83% after the issue of the Placement Shares¹; and
 - B. approximately 43.54% after the issue of the Placement Shares and Placement Option Shares².
 - (ii) Macquarie currently holds 118,975,868 Options (**Macquarie Options**). As part of the Notes Conversion, the Company will issue 49,836,878 Promissory Note Shares and 252,255,306 Conversion Shares to Macquarie (**Macquarie Shares**). Accordingly, Macquarie's voting power will be:
 - A. approximately 21.02% in the Company after the issue of the Macquarie Shares³; and
 - B. approximately 27.05% in the Company after the issue of the Macquarie Shares and the Macquarie Option Shares⁴.
 - (iii) Acorn, Acorn Clients and their associates hold 30,399,092 Shares which represents a voting power of 7.17% in the Company. Acorn Clients also hold 118,975,861 Options. As part of the Notes Conversion, the Company will issue 49,827,353 Promissory Note Shares and 252,255,306 Conversion Shares to Acorn Clients. Accordingly, Acorn, Acorn Clients and their associates' voting power in the Company will be:
 - A. approximately 23.13%, an increase from their current voting power of 7.56%⁵, after the issue of the Acorn Shares; and
 - B. approximately 29.01% in the Company after the issue of the Acorn Shares and the Acorn Option Shares⁶.

3.4 Effect of the Offers on the Company's Financial Position

Set out below for illustrative purposes is:

- (a) the audited consolidated statement of financial position as at 31 December 2013;

¹ This figure assumes that no other Shares are issued other than the 1,013,741,208 Shares pursuant to the Transactions.

² This figure assumes that no other Shares are issued other than the 1,013,741,208 Shares pursuant to the Transactions and that FFI exercises all the Placement Options (to raise \$20,000,000) and no other optionholders of the Company exercise their Options.

³ This figure assumes that no other Shares are issued other than the 1,013,741,208 Shares pursuant to the Transactions.

⁴ This figure assumes that no other Shares are issued other than the 1,013,741,208 Shares pursuant to the Transactions and that Macquarie exercises all the Macquarie Options (to raise \$19,012,270.16) and no other optionholders of the Company exercise their Options.

⁵ This figure assumes that no other Shares are issued other than the 1,013,741,208 Shares pursuant to the Transactions.

⁶ This figure assumes that no other Shares are issued other than the 1,013,741,208 Shares pursuant to the Transactions and that Acorn Clients exercise all the Acorn Options (to raise \$19,012,269.22) and no other optionholders of the Company exercise their Options.

- (b) the unaudited consolidated statement of financial position as at 31 May 2014; and
- (c) a pro forma unaudited consolidated statement of financial position as at 31 May 2014 incorporating:
- (i) the effect of the Placement pursuant to which \$12 million has been raised; and
 - (ii) the issue of the Promissory Note Shares by the Company in payment and satisfaction of the Promissory Notes; and
 - (iii) the issue of the Conversion Shares by the Company upon conversion of the Convertible Notes.

Furthermore, if all of the Placement Options issued pursuant to this Prospectus are exercised, a maximum amount to be raised from the exercise of the Placement Options is \$20,000,000 (excluding costs). The likelihood of the Company raising this additional capital through the exercise of the Placement Options, amongst other considerations, is dependent on the price of Shares from time to time up to the expiry date of the Placement Options.

	31 December 2013 Reviewed \$	31 May 2014 Unaudited \$	Pro forma Adjustments \$	31 May 2014 Unaudited \$
Current Assets				
Cash and Cash equivalents	741,482	911,539	(1) 12,000,000	12,911,539
Trade & other receivables	46,134	65,759	-	65,759
Prepayments	31,571	54,038	-	54,038
Total Current Assets	819,187	1,031,336	12,000,000	13,031,336
Non-Current Assets				
Plant and equipment	264,274	214,857	-	214,857
Total non-current assets	264,274	214,857	-	214,857
Total Assets	1,083,461	1,246,193	12,000,000	13,246,193
Current Liabilities				
Trade and other payables	279,990	403,712	-	403,712
Provisions	56,910	78,179	-	78,179
Loans and borrowings	20,872,030	24,474,373	(2) (24,474,373)	-
Total Current Liabilities	21,208,930	24,956,264	(24,474,373)	481,891
Non - Current Liabilities	28,582	28,582	-	28,582
Total Liabilities	21,237,512	24,984,846	(24,474,373)	510,473
Net (Deficiency) Assets	(20,154,051)	(23,738,653)	36,474,373	12,735,720
Equity				
Contributed Equity	27,725,770	27,530,404	36,474,373	64,004,777
Compound Financial Inst.	3,745,184	3,745,184	-	3,745,184
Reserves	1,374,663	1,374,663	-	1,374,663
Accumulated losses	(52,999,668)	(56,388,904)	-	(56,388,904)
TOTAL EQUITY	(20,154,051)	(23,738,653)	36,474,373	12,735,720

Notes to Pro-Forma Balance Sheet:

The adjustment denoted at (1) reflects the receipt by the Company of funds received on issue of the Placement Shares to FFI.

DR	Cash and cash equivalents	\$12,000,000
CR	Contributed Equity (gross proceeds)	\$12,000,000

The adjustment denoted at (2) reflects the Notes Conversion with conversion of the Promissory Notes and Convertible Notes into Conversion Shares and Promissory Note Shares.

DR	Loans	\$24,474,373
CR	Contributed Equity (gross proceeds)	\$24,474,373

The cash balance at 31 May 2014 of \$911,539 which is \$170,057 more than the cash position reported at 31 December 2013 reflects cash outflow on exploration and administration of the Company's and its subsidiaries' operations of \$2,479,903 and receipt of \$2,649,960 from the drawdown of the Promissory Notes issued by the Company to the Promissory Noteholders on 27 January 2014.

3.5 Market Price of Shares

The highest and lowest closing market prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales, are:

Highest: \$0.095 on 6 May 2014

Lowest: \$0.045 on 5 May 2014

The volume weighted average sale price on ASX of the Shares during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC is \$0.069.

The latest available market sale price of the Shares on ASX prior to the day of lodgement of this Prospectus with ASIC was \$0.056 on 10 July 2014.

4. RIGHTS ATTACHING TO OFFER SECURITIES

4.1 Rights attaching to Offer Shares

The Company is incorporated in Australia and is subject to the Corporations Act. As a company listed on ASX, the Company is also regulated by the Listing Rules.

The rights attaching to ownership of Shares (including the Offer Shares) are:

- (d) described in the Constitution; and
- (e) regulated by the Corporations Act, Listing Rules and the general law (the **applicable law**).

A summary of the rights attaching to the Shares is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Company's constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice. All Offer Shares will, from the time they are issued, rank equally with all the Company's existing Shares.

(a) **Voting**

At a general meeting, on a show of hands, every Shareholder present in person or by proxy has one vote. At the taking of a poll, every Shareholder present in person or by proxy, and whose Shares are fully paid has one vote for each of their Shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) **Dividends**

The Directors may pay to Shareholders any interim and final dividends as, in the Directors' judgment, the financial position of the Company justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment.

(c) **Transfer of Shares**

Generally, all Shares in the Company are freely transferable subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registerable form or where the refusal is permitted under the Listing Rules or the ASX Settlement Operating Rules. If the Directors decline to register a transfer the Company must give reasons for the refusal. The Directors may decline to register a transfer when required by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules.

(d) **General meetings**

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules.

(e) **Variation of rights**

The Company may only modify or vary the rights attaching to any class of shares with the prior approval by a special resolution of Shareholders and:

- (i) a special resolution of the holders of shares in that class at a meeting of those holders; or
- (ii) with the written consent of the holders of at least 75% of the issued shares of that class.

If any shares are, by their terms, convertible into ordinary Shares and if such conversion varies or cancels those shares under the Corporations Act and the Corporations Act thereby requires further approvals then Board approval will be required.

(f) Liquidation rights

Subject to any shares that may in the future be issued with special or preferential rights (currently there are none), the surplus assets of the Company after winding-up will be divided among the members in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares.

However a liquidator in a winding-up may, with the sanction of a special resolution of members, divide among the members the whole or any part of the property of the Company and determine how the division is to be carried out as between members of different classes.

(g) Issue of further shares

Subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue, or grant options in respect of, shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.

(h) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

(i) Directors

The minimum number of Directors is 3 and the maximum is 10 unless resolved otherwise in general meeting. Currently, there are three Directors. Directors must retire on a rotational basis so that one-third of Directors retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. A retiring Director is eligible for re-election. The Directors may appoint a Director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(j) Decisions of Directors

Questions arising at a meeting of Directors are decided by a majority of votes. Where the votes are equal on a proposed resolution the Chairman has a casting vote unless only 2 Directors are competent to vote on the question.

4.2 Terms and Conditions of Placement Options

The Placement Options will have the following terms and conditions:

(a) Right to subscribe

Each Placement Option entitles the Optionholder to subscribe for, and be issued, one Share (**Placement Option Share**) in the Company.

(b) Vesting

The Placement Options will vest immediately upon grant.

(c) Exercise Price

The exercise price for each Placement Option is \$0.05.

(d) Expiry Date

The Placement Options will expire at 5.00pm (WST) on 30 June 2016 (**Expiry Date**). Any Placement Options that have not been exercised on or before the Expiry Date lapse automatically.

(e) Transferability

The Placement Options are not transferable.

(f) Quotation

The Company will not apply to ASX for quotation of the Placement Options.

(g) Exercise

The Placement Options may only be exercised by notice in writing (**Exercise Notice**) to the registered office of the Company. The Exercise Notice must specify the number of Placement Options being exercised. The Optionholder must pay to the Company the exercise price in respect of each Placement Option Share specified in the Exercise Notice by:

- (i) bank cheque; or
- (ii) electronic funds transfer into an account nominated by the Company.

The Exercise Notice only becomes effective when the Company has received cleared funds for the full amount of the exercise price specified under the Exercise Notice.

(h) No participation rights

The Placement Options do not confer any participation rights or entitlements and the Optionholders, in respect of their Placement Options, are not entitled to participate in new issues of capital offered to Shareholders during the term of the Placement Options unless and until they exercise all of their Placement Options and assume the rights of a Shareholder.

However, before the record date to determine entitlements to any such new issue of securities, the Company will notify the Optionholders of the proposed new issue in accordance with the requirements of the Listing Rules.

(i) Dividends

The Placement Options will not entitle the Optionholder to any dividends (or Shares or rights in lieu of dividends) declared or issued by the Company.

(j) Issue of Placement Option Shares

Within 5 Business Days after the Exercise Notice becomes effective, the Company must:

- (i) issue to the Optionholder one Placement Option Share for each Placement Option exercised by the Optionholder;

- (ii) deliver to the Optionholder a holding statement setting out the number of Placement Option Shares which has been issued to the Optionholder;
- (iii) apply to ASX for quotation of all Placement Option Shares issued pursuant to the Exercise Notice and give to ASX an Appendix 3B in relation to these Placement Option Shares; and
- (iv) issue (if applicable) a new holding statement for the balance of the Placement Options held by the Optionholder.

(k) Ranking of Placement Option Shares

All Placement Option Shares issued upon the exercise of Placement Options will rank equally in all respects with other Shares then on issue.

(l) Transferability of Placement Option Shares

The Options Shares will be freely transferrable without any requirement for disclosure to investors under Chapter 6D.2 of the Corporations Act.

(m) Bonus Issue

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

(n) Pro Rata Issue

In the event of a pro rata issue (except a bonus issue) of Shares by the Company, the exercise price for each Placement Option will be adjusted in accordance with Listing Rule 6.22.2.

(o) Notice before the Expiry Date

The Company will, in accordance with the Listing Rules, send notice to the Optionholder stating the name of the Optionholder, the number of Placement Options held and the number of Placement Option Shares to be issued on exercise of the Placement Options, the exercise price, the due date for payment, and the consequences of non-payment.

(p) Re-organisation

In the event of any re-organisation (including a consolidation, sub-division, reduction or return) of the issued capital of the Company on or prior to the expiry date of the Placement Options, the rights of the Optionholder will be changed to the extent necessary to comply with the Listing Rules applicable to the relevant re-organisation of the Company's share capital at the time of re-organisation.

5. RISK FACTORS

The Offer Securities to be issued under this Prospectus are considered speculative and involve the Eligible Investors being exposed to risk.

The Directors have considered and identified in this section of the Prospectus the critical areas of risk associated with investing in the Company. In section 5.1 below, the specific risks associated with the Company's business are addressed. In section 5.2 below, the specific risk factors associated with the industry in which the Company operates are addressed. In section 5.3 below, the general risks facing the Company are addressed. The risks identified by the Directors are not exhaustive and the Eligible Investors should read this Prospectus in full and seek professional advice if they require further information on material risks.

5.1 Company Specific Risks

(a) Uranium mining risk

All mining in Australia is regulated by both the Commonwealth and State Governments. The areas of uranium mining that are regulated include 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, storage and transport and native title. In particular, the approval processes for uranium mining are more onerous than for the mining of other minerals. Compliance with such regulations may increase the costs of exploring, drilling, developing, constructing, operating and closing uranium mines and other production facilities.

The mining and export of uranium is permitted under strict national and international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries that sign bilateral agreements with Australia covering the use of Australian Obligated Nuclear Material (AONM) and who undertake to use it only for peaceful purposes. The countries already having bilateral agreements with Australia covering use of AONM are responsible for about 94% of the world's nuclear energy.

From 22 June 2002 until 17 November 2008, there was a Western Australian Labor State Government policy prohibiting uranium mining. All mining leases granted during this time were issued subject to a condition prohibiting the mining of uranium. The Company does not own any mining leases granted between 22 June 2002 and 17 November 2008. In 2008, the Western Australian Liberal State Government lifted this six-year ban on uranium mining that was imposed by the previous Labor government in Western Australia.

If any parts of the exploration tenements in which the Company has an interest are now converted to mining leases during the term of the present State Government, these mining leases will not be subject to a condition prohibiting the mining of uranium. The mining leases recently granted by the Western Australian government and currently held by the Company are not subject to a condition prohibiting the mining of uranium. However, there can be no assurance that the policy with respect to uranium mining in Western Australia will not change again in the future and this may adversely affect the long-term prospects of the Company.

Further legislation, regulation and guidelines may also be put in place to further regulate the mining of uranium in Western Australia. Permits from a number of regulatory authorities are required for many aspects of mining operations. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of the Company's assets, the extent of which cannot be predicted.

(b) **Competition from alternative energy and public perception**

Nuclear energy is in direct competition with other sources of energy which include oil, gas, coal and hydro-electricity. The competitiveness of these energy sources may change as a result of technological, political or other developments resulting in a decrease in the competitiveness of nuclear energy with a consequent impact on the 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 may be subject to negative public opinion due to political, technological and environmental factors as well as the serious nuclear incident at the Fukushima Daiichi nuclear power plant following the Tohoku earthquake and tsunami on 11 March 2011. For example, Germany plans to shut down all of its nuclear power plants by 2022. Negative public opinion may continue to have an adverse impact on the demand for uranium and increase the regulation of uranium mining thereby making it more difficult for the Company to extract value from its tenements.

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 low levels of carbon emissions. However, to date, wind and solar have not been efficient enough to be relied upon for base-load power. Nevertheless, technological changes may occur that make alternative energy systems more efficient, reliable and competitive, therefore make energy produced from uranium relatively less attractive and/or profitable.

(c) **Exploration and development risks**

The Company's tenements are at various stages of application, exploration and resource development.

Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. Ultimate and continuous success from mineral exploration, project development and mining depends on the delineation of mineral resources and economically mineable reserves, access to adequate capital for development, movement in the price of commodities and exchange rates, securing and maintaining title to the Company's exploration and mining tenements, and obtaining all necessary consents and approvals for the conduct of its exploration activities.

The Company has already defined mineral resources on some of its tenements, but intends on conducting further exploration on the Company's existing tenements. This exploration may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the tenements.

There is no assurance that exploration and development of the mineral interests owned by the Company, or any other projects that may be acquired by the Company in the future will result in the establishment of a profitable mining operation. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

(f) **Future capital requirements**

Upon the completion of the Transactions, the Company will not be required to repay the Convertible Notes and the Promissory Notes in cash. The Convertible Notes will be converted into Shares and the issue of the Promissory Note Shares will result in the repayment and satisfaction of the Promissory Notes. The liabilities of the Company pursuant to the Convertible Notes and Promissory Notes of approximately \$24.5 million will be repaid. The Placement will result in the injection of \$12 million in the Company which will provide the Company with the funds for the purposes shown in Section 3.1.

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Placement will be sufficient to successfully achieve all the objectives of the Company's overall business strategy in the future.

If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Placement, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(a) **Reliance on key personnel**

The Company has two executive Directors (one Director being the Managing Director and the other executive Director being the Chief Operating Officer) and two non-executive Directors. The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel could have an adverse effect on the Company.

5.2 Mineral industry risks

(a) **Exploration Targets**

In the past, the Company has described the exploration potential of some of its prospects in the form of exploration targets. Those exploration targets were conceptual in nature as there has been insufficient exploration to define a mineral resource in accordance to JORC 2004, and it is uncertain if future exploration would have resulted in the determination of a mineral resource within them. Exploration targets are expert expressions of judgment based on geological models produced from knowledge, experience and industry practice. These models and targets can have an influence on the methods and styles of exploration activity. However, it is recommended that no investment decision be made on the basis of exploration targets.

(b) **Operational risks**

Possible future development of mining operations of any of the Company's project is also subject to numerous risks. The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological conditions, environmental hazards, technical and equipment failures, flooding and extended interruptions due to inclement or hazardous weather or other physical conditions, unavailability of drilling equipment, unexpected shortages of consumables or parts and equipment, fire, explosions and other incidents (including on the main access corridor to the project) which are beyond the control of the Company.

While the Company currently maintains insurance within ranges of coverage consistent with exploration industry practice, no assurance can be given that the Company will be able to retain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(c) **Title risk**

Under the terms of the grant of the tenements and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, tenement holders are required to meet prescribed expenditure conditions. Failure to meet these expenditure commitments

will render the tenement liable to be forfeited unless a total or partial exemption is granted in accordance with the *Mining Act 1978 (WA)*.

Further, there is no guarantee that current or future applications, extensions or renewals of the Company's exploration or mining tenements will be granted.

Even if the Company is entitled to seek an exemption from the requirement to meet expenditure requirements, it may nevertheless be the subject of an attempt by a third party to claim a failure to satisfy expenditure conditions which may need to be resolved through litigation.

(d) Commodity price volatility risk

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for base and other metals (including Uranium), forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

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

(e) Native title and access risks

Exploration and mining activities can be affected by land claim compensation and environmental considerations.

It is possible that Aboriginal sites of significance may be found within the Company's tenements that may preclude exploration and mining activities and the Company may also experience delays with respect to obtaining permission from traditional owners to explore and extract resources. The Company has engaged a qualified archaeologist and anthropologists to conduct surveys of the Mulga Rock project, and no Aboriginal sites of significance have been found to date.

The Company must comply with Aboriginal heritage legislation requirements and, in some instances if a native title claim was to be made over the project area, the Company might need to negotiate access agreements which require heritage survey work to be undertaken ahead of the commencement of exploration or mining operations.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(f) Environmental risks

Inherent in mining and exploration operations is environmental risk. The legal framework governing this area is constantly developing in all jurisdictions, thus the Company is unable to fully ascertain any future liability that may arise from any new laws or regulations.

All phases of mining from mineral exploration to delivery of product to the end user can be environmentally sensitive activities which can give rise to substantial costs for environmental rehabilitation, damage, control and losses. 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 or other activities for which it has not been responsible. Further, if there are environmental rehabilitation conditions attached to the Company's tenements, failure to meet such conditions could lead to forfeiture of these tenements.

The Company minimises environmental risk by maintaining best practice environmental management in all respects of exploration.

(g) **Resource estimates**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate.

Furthermore, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

5.3 General risks

(a) **Global credit and investment markets**

Global credit, commodity and investment markets continue to experience a high degree of uncertainty and volatility. The factors which have led to this situation are outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(b) **Share market conditions risk**

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

The stock market, and in particular the market for mining and exploration companies, experiences extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. Neither the Company nor its Directors warrant the future performance of the Company or any return on investment in securities issued by the Company.

(c) **Economic risk**

Changes in the general economic climate in which the Company operates, movements in interest and inflation risks and currency exchange rates may adversely affect the financial performance of the Company. These changes are beyond the control of the Company. The short and medium term impacts of the global financial crisis, which began in the last decade, are uncertain.

(d) **Change in policies and legislation risk**

Any material adverse changes in relevant government policies or legislation of Western Australia or the Commonwealth may affect the prospects, viability and profitability of the Company.

6. ADDITIONAL INFORMATION

6.1 Nature of the Prospectus

This Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act which allows the issue of a transaction specific prospectus in relation to offers of:

- (a) securities where those securities are of a class which have been quoted for 12 months before the date of that prospectus; or
- (b) options to acquire securities that are a class which have been quoted for 12 months before the date of that prospectus.

6.2 Indemnification of Directors

To the extent permitted by law, the Company indemnifies every person who is or has been a Director of the Company and against reasonable legal costs incurred in defending an action for a liability incurred or allegedly incurred by the person as a Director of the Company and its controlled entities except where the liability arises out of conduct involving a wilful breach of duty. The Company will meet the full amount of such liabilities including costs and expenses.

6.3 Taxation

The Directors consider that it is not appropriate to give advice regarding the taxation consequences associated with the acquisition, or the subsequent disposal, of the Offer Securities pursuant to this Prospectus

The Directors recommend that all Applicants consult their own professional tax advisers.

6.4 Consents of Parties

Each of the parties referred to in this Section does not make, or purport to make, any statement in this Prospectus other than as specified in this section and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name or a statement included in this Prospectus with the consent of that party as specified in this section.

Grant Thornton Audit Pty Ltd has given and, as at the date of this Prospectus, has not withdrawn its consent to being named in this Prospectus in the form and context in which their name has been included and to the inclusion in this Prospectus of the references to the Annual Report and all statements in this Prospectus referring to these reports and that information. Grant Thornton Audit Pty Ltd has not caused the issue of or in any way authorised this Prospectus and takes no responsibility for the issue of this Prospectus.

K&L Gates has given and, as at the date of this Prospectus, has not withdrawn its consent to being named in this Prospectus in the form and context in which their name has been included. K&L Gates has not caused the issue of or in any way authorised this Prospectus and takes no responsibility for the issue of this Prospectus.

6.5 Interests of Parties

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Offer Securities pursuant to this Prospectus; or

(c) the offer of Offer Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the offer of Offer Securities pursuant to this Prospectus.

Grant Thornton Audit Pty Ltd has been or is entitled to be paid approximately \$64,961.53 (excluding GST) in audit and other fees for services to the Company in the previous 2 years.

K&L Gates has been paid or is entitled to be paid approximately \$20,000 (excluding GST) for advice and assistance in relation to the due diligence and other services related to the Prospectus. The Company has incurred legal fees of approximately \$434,252.96 (excluding GST) for other services provided by K&L Gates to the Company in the previous 2 years.

6.6 Directors' authorisation

Each Director of the Company has given, and has not withdrawn, their consent to the lodgement of this Prospectus with ASIC.

6.7 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director has or had within 2 years before the lodgement of this Prospectus with ASIC, any interest in;

- (b) the formation or promotion of the Company;
- (c) any property acquired or proposed to be acquired by the Company in connection with its promotion or formation or in connection with the Offers of Offer Securities under this Prospectus; or
- (d) the Offers of Offer Securities under this Prospectus,

and no amounts or benefits have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director:

- (e) to induce them to become, or to qualify them as a Director; or
- (f) for services rendered by in connection with the promotion or formation of the Company or the Offers of Offer Securities.

The Company may enter into facility agreements with Element Capital Pty Ltd (**Element Capital**), a company of which Mr David Cornell is a director and shareholder, and Mr Michael Young with each providing a short term loan facility to the Company (**Facility**). The total loan amount under the Facility is \$200,000 (**Facility Amount**) with each of Mr Young and Element Capital providing a loan amount of \$100,000. The Facility is interest-free and unsecured with a maturity date which is the later of 7 August 2014 and the date of the completion of the Notes Conversion. There is a commitment fee of 1% and a drawdown fee of 2% on the Facility Amount.

Element Capital and Element Capital Management Pty Ltd, companies of which David Cornell is a director and a shareholder, entered into a number of agreements with the Company on 21 June 2011, 16 November 2011 and 5 July 2012 pursuant to which the Company engaged Element Capital and Element Capital Management Pty Ltd to provide corporate advisory services to assist with capital raisings, corporate activities, the provision of marketing services and general advice relating to the Company's strategy. As the Company was dealing with Element Capital and Element Capital Management Pty Ltd on arm's length terms when entering into these agreements, these agreements contain normal commercial terms and conditions. Element Capital and Element Capital Management Pty Ltd have been paid fees of \$638,666 (exclusive of GST) under these agreements.

The Company issued 157,895 2011 Convertible Notes to Element Capital on 14 October 2011 and 877,193 Options on 7 December 2011. On 1 October 2012, Element Capital transferred the 2011 Convertible Notes and Options which it held to Element Funds Pty Ltd as trustee for Element Resources Fund IV (**Element Funds**), an entity not associated with David Cornell. Element Capital loaned Element Funds \$120,000 for it to subscribe for 126,316 2012 Convertible Notes.

The remuneration paid or payable to Directors or their related entities in the last two financial years preceding the lodgement of this Prospectus with ASIC is set out below:

Director	2013 Salary and fees \$	2013 Share Based Payments \$	2012 Salary and fees \$	2012 Share Based Payments \$
Julian Tapp	102,331	343,755	-	-
David Cornell	38,150	-	-	-
Mike Young	17,486	343,755	-	-

Details of the remuneration paid or payable to Directors or their related entity for the financial year ended 30 June 2013 are set out in the relevant section of the Annual Report which has been lodged by the Company with ASX and ASIC. The Company will provide a copy of this document free of charge to any person on request.

As announced by the Company on 13 February 2014, Mr Mike Young was appointed as the managing director and chief executive officer of the Company effective on 13 February 2014. Mr Young's remuneration package is as follows:

- (g) Remuneration - \$450,000 per annum, inclusive of superannuation.
- (h) Termination – On termination of his appointment by the Company, Mr Young will receive six months' salary and Mr Young is required to provide the Company with six months' notice should he decide to resign from the Company.

As announced by the Company on 26 May 2014, the Hon. Cheryl Edwardes has recently been appointed as a non-executive chairman of the Company which takes effect from 26 May 2014. The Hon. Cheryl Edwardes will be paid \$90,000 to act as the non-executive chairman of the Company.

The Directors are entitled to reasonable travelling, hotel and other expenses incurred by them as a consequence of Directors performing their duties as Directors. Subject to the Corporations Act and Listing Rules, if a Director is called upon to perform extra duties or make special exertions on behalf of the Company, the Directors may remunerate that Director which may be in addition to or in substitution for their usual Director's fee.

The Directors' and their respective nominees' current interests in Shares and Options at the date of this Prospectus are as follows:

Director	Shares	Options
Julian Tapp	20,000,000	10,000,000 Options exercisable at 5 cents each with an expiry date of 14 June 2018
David Cornell	-	-
Mike Young	20,000,000	10,000,000 Options exercisable at 5 cents each with an expiry date of 14 June 2018
The Hon. Cheryl Edwardes	-	-
TOTAL	40,000,000	20,000,000

6.8 Continuous Disclosure and Documents Available for Inspection

The Prospectus is issued pursuant to section 713 of the Corporations Act.

Section 713 of the Corporations Act enables companies to issue transaction specific prospectuses where those companies are and have been for a period of 12 months disclosing entities.

The Company is a "disclosing entity" for the purposes of section 713 of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

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 will provide a copy of each of the following documents, free of charge, to any person who asks for it:

- (a) the Annual Report for the financial year ended on 30 June 2013, being the annual financial report most recently lodged with ASIC by the Company;
- (b) the Half-Yearly Report for the half-year ended on 31 December 2013, being the half-year financial report lodged with ASIC after the lodgement of the Annual Report and before the lodgement of the Prospectus; and
- (c) any continuous disclosure notices given by the Company after the lodgement of the Annual Report referred to in paragraph (a) above and before the lodgement of this Prospectus with ASIC,

such notices are listed below under the heading "ASX Releases" in Section 6.9.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

6.9 ASX Releases

ASX releases of the Company since the Annual Report are listed below:

Date	Announcement
10/07/2014	Results of Meeting
10/06/2014	Notice of General Meeting/Proxy Form
26/05/2014	Initial Director's Interest Notice
26/05/2014	The Hon. Cheryl Edwardes Appointed Chairman
05/05/2014	Reinstatement to Official Quotation
05/05/2014	\$36 Million Equity Injection
30/04/2014	Quarterly Cashflow Report
30/04/2014	Quarterly Activities Report

Date	Announcement
24/04/2014	Extension of Voluntary Suspension
17/04/2014	Extension of Promissory Note Repayment Date
15/04/2014	Voluntary Suspension Extension
14/04/2014	Suspension from Official Quotation
10/04/2014	Trading Halt
27/03/2014	Extension of Repayment Date for Promissory Notes
17/03/2014	Appendix 3B
13/03/2014	Commencement of Drilling
13/03/2014	Half Yearly Accounts
07/03/2014	Results of Meeting
18/02/2014	Company Presentation
17/02/2014	Cheryl Edwardes appointed Chairman effective April 14
13/02/2014	Mike Young Appointed Managing Director and CEO
06/02/2014	Company Presentation
04/02/2014	Notice of General Meeting/Proxy Form
31/01/2014	Quarterly Cashflow Report
31/01/2014	Quarterly Activities Report
24/01/2014	EMA Completes Funding of \$2.65 Million
15/01/2014	Funding Discussions Continue with Noteholders
20/12/2013	Funding Discussions Continue
13/12/2013	Discussion with Noteholders Continues
27/11/2013	Results of Meeting
27/11/2013	Reinstatement to Official Quotation
27/11/2013	Company Progressing Discussions with its Noteholders
26/11/2013	Suspension Update
22/11/2013	Voluntary Suspension
20/11/2013	Trading Halt
31/10/2013	Quarterly Cashflow Report

Date	Announcement
31/10/2013	Quarterly Activities Report

The Company may from time to time make announcements to ASX in accordance with its continuous disclosure obligations and the Listing Rules. Announcements can be viewed by visiting the ASX's website, asx.com.au, by typing in the Company's ASX Code, EMA.

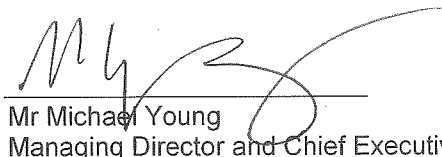
6.10 Estimated Expenses of Offer

The expenses of the Offer (exclusive of GST) are estimated to be approximately \$22,390 made up as follows:

Expenses	\$
Legal	20,000
Printing and postage	100
ASIC lodgement fees	2,290
Total estimated expenses of Offer	22,390

7. DIRECTORS' STATEMENT

This Prospectus is issued by Energy and Minerals Australia Limited (ACN 120 178 949). Its issue was authorised by a resolution of Directors and is signed by Mr Michael Young on behalf of all Directors.



Mr Michael Young
Managing Director and Chief Executive Officer

11 July 2014

8. DEFINITIONS

In this Prospectus the following terms and abbreviations have the following meanings, unless otherwise stated or unless the context otherwise requires:

\$ or Dollar means Australian dollar.

2011 Convertible Note means a convertible note issued pursuant to the 2011 Convertible Note Agreement.

2011 Convertible Note Agreement means the convertible note agreement between the Convertible Noteholders, the Company, the Security Providers and Macquarie in its capacity as trustee for the Company Security Trust dated 6 October 2011 as amended from time to time.

2012 Convertible Note means a convertible note issued pursuant to the 2012 Convertible Note Agreement.

2012 Convertible Note Agreement means the convertible note agreement between the Convertible Noteholders, the Company, the Security Providers and Macquarie in its capacity as trustee for the Company Security Trust dated 16 November 2012 as amended from time to time.

Annual Report means the Annual Report of the Company for the financial year ending 30 June 2013 as lodged with ASIC and ASX on 25 October 2013.

Acorn means Acorn Capital Limited ACN 082 694 531.

Acorn Clients means:

- (a) Australian Unity Funds Management Ltd ACN 071 497 115 as responsible entity for AU Acorn Microcap Trust;
- (b) Commonwealth Bank Officers Superannuation Corporation Pty Ltd ACN 074 519 798 as trustee for Officers' Superannuation Fund;
- (c) CSF Pty Ltd ACN 006 169 286 as trustee for the Catholic Superannuation Fund;
- (d) Health Super Pty Ltd ACN 084 162 489 as trustee for Health Super;
- (e) Australian Microcap Investments Pty Ltd ACN 127 745 395 as trustee for Microcap Investment Trust 1;
- (f) Australian Microcap Investments Pty Ltd ACN 127 745 395 as trustee for Microcap Investment Trust 2; and
- (g) Sunsuper Pty Ltd ACN 010 720 840 as trustee for the Sunsuper Superannuation Fund.

Acorn Option Shares means the Shares which are issued upon the exercise of the Acorn Options.

Acorn Options means the Options which are currently held by Acorn Clients.

Acorn Shares means the Conversion Shares and Promissory Note Shares which are to be issued to Acorn and Acorn Clients.

Appendix 3B means the ASX form for the new issue announcement and application for quotation of additional securities and agreement.

Applicant means a person who is invited to participate in the Offer and submits an Application Form.

Application Form means the application form accompanying this Prospectus.

Application Money means money payable by FFI in respect of its application for Placement Securities under the Placement Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Settlement Operating Rules means ASX Settlement Pty Limited's operating rules.

Board means the Directors of the Company from time to time.

Business Day has the meaning ascribed to it in the Listing Rules.

CHESS means Clearing House Electronic Subregister System.

Closing Date means the closing date of the Offers, being Wednesday, 16 July 2014 (subject to the right of the Directors to change this date without notice).

Company means Energy and Minerals Australia Limited (ACN 120 178 949).

Constitution means the constitution of the Company.

Conversion Shares means the Shares to be issued on conversion of the Convertible Notes.

Convertible Notes means the 2011 Convertible Notes and the 2012 Convertible Notes.

Convertible Note Agreements means 2011 Convertible Note Agreement and 2012 Convertible Note Agreement.

Convertible Noteholder means a holder of the Convertible Notes.

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

Directors means the directors of the Company in office at the date of this Prospectus.

Eligible Investors means such persons to whom the Company makes the Offers under this Prospectus being:

- (a) FFI;
- (b) the Convertible Noteholders; and
- (c) the Promissory Noteholders.

Element means Element Funds Pty Ltd as trustee for the Element Resources Fund IV

FFI means Forrest Family Investments Pty Ltd ACN 055 961 361 as trustee for The Peepingee Trust.

JORC 2004 means the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves being the former Appendix 5A of the Listing Rules.

JORC 2012 means the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves being Appendix 5A of the Listing Rules.

Listing Rules means the official listing rules of ASX.

Macquarie means Macquarie Bank Limited ACN 008 583 542.

Macquarie Shares means Conversion Shares and Promissory Note Shares which are to be issued to Macquarie.

Macquarie Option Shares means the Shares which will be issued upon the exercise of the Macquarie Options.

Macquarie Options means the Options which are currently held by Macquarie.

Notes Conversion has the meaning given in Section 2.2.

Notes Conversion Deed is the deed between the Convertible Noteholders, the Company, the Security Providers and Macquarie in its capacity as trustee for the Company Security Trust in relation to the Notes Conversion.

Notes Offer means the offer of Conversion Shares and Promissory Note Shares subject to this Prospectus.

Offers means the:

- (a) the Placement Offer; and
- (b) the Notes Offer.

Offer Securities means the Offer Shares and the Placement Options.

Offer Shares means the Placement Shares, the Conversion Shares and the Promissory Note Shares.

Opening Date means the opening date of the Offers, being Friday, 11 July 2014 (subject to the right of the Directors to change this date without notice).

Option means an option to subscribe for and be issued a Share.

Optionholder means a holder of Placement Options.

Placement means the subscription of Placement Securities by FFI for a consideration of \$12 million.

Placement Offer means the offer of Placement Securities subject to this Prospectus.

Placement Option Shares means the Shares which are issued upon the exercise of the Placement Options.

Placement Options means the Options which are issued to FFI pursuant to the Placement.

Placement Securities means the Placement Options and the Placement Shares.

Placement Shares means the Shares which are issued to FFI pursuant to the Placement.

Principal Promissory Amount means the amount repayable under the Promissory Notes, being the amount of \$3.6 million.

Promissory Noteholders means holders of the Promissory Notes which comprise Macquarie and a number of the Acorn Clients.

Promissory Notes means the loans provided by a number of Convertible Noteholders in the form of promissory notes.

Promissory Note Shares means the Shares which are to be issued by the Company to the Promissory Noteholders in payment and satisfaction of their obligations under Promissory Notes.

Prospectus means this prospectus dated 11 July 2014.

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

Shareholder means a holder of Shares.

Term Sheet means the term sheet between the Company and FFI governing the Placement.

Transactions means the Placement and the Note Conversion.

References in this Prospectus to Sections are to sections of this Prospectus.