

# Capital Mining Limited

ACN 104 551 171

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## Prospectus

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### Offer

For the conditional offer of 1,000 Shares at an issue price of \$0.01 each to raise \$10 (**Offer**).

### Cleansing

This Prospectus has also been prepared primarily for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of certain Shares issued prior to the Closing Date. Please refer to **Section 4.3** for further details.

### Underwriting

The Offer is not underwritten.

### IMPORTANT NOTICE

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.

This is an important document that should be read in its entirety. Please read the instructions in this document and on the accompanying Application Form regarding acceptance of the Offer. If you do not understand this document you should consult your stockbroker, accountant or other professional adviser. The Securities offered by this Prospectus should be considered as highly speculative.

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# **1. IMPORTANT INFORMATION**

## **1.1 General**

The Prospectus is dated 12 February 2015 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX and their respective officers do not take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

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.

Within 7 days of the date of this Prospectus, the Company will make an application to ASX for the Shares offered pursuant to this Prospectus to be admitted for quotation on ASX. No Shares will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

## **1.2 Conditional Offer**

The Offer is conditional on the Company achieving the minimum subscription as set out in **Section 4.2**.

## **1.3 Electronic Prospectus**

In addition to issuing the Prospectus in printed form, a read-only version of the Prospectus is also available on the Company's website at [www.capitalmining.com.au](http://www.capitalmining.com.au). Applications cannot be made online. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

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 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.

## **1.4 Application for Securities**

Please read the instructions in this Prospectus and on the accompanying Application Form regarding the acceptance of the Offer. By returning an Application Form or lodging an Application Form with your stockbroker or otherwise arranging for payment for Securities in accordance with the instructions on the Application Form, you acknowledge that you have received and read this Prospectus, you have acted in accordance with the terms of the relevant Offer detailed in this Prospectus and you agree to all of the terms and conditions as detailed in this Prospectus.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

## 1.5 Risk factors

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the assumptions underlying the prospective financial information and the specific risk factors set out below and further risk factors set out in **Section 6** that could affect the performance of the Company (but are not exhaustive of all such potential risks). Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest.

Risks specific to the Company include, without limitation:

### (a) **Future capital needs and Material Uncertainty Regarding Going Concern**

The Company's current business will require substantial expenditures, beyond any funds raised pursuant to the Placement (defined in **Section 4.3**, which Placement comprises a \$1,200,000 cash raising by the issue of Shares plus a further Share issue in lieu of repayment of \$954,000 of the Company's debts) and the Offer, if it is to be developed. Excluding the Placement and the Offer, the Company has no cash reserves. There can be no guarantees that the Company will have sufficient cash in the future to successfully achieve all the objectives of the Company's overall business strategy.

The Company did receive Shareholder approval on 27 November 2014 for up to that number of Shares which, when multiplied by the issue price, will raise up to \$2 million, at an issue price per Share that is at least 80% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares are recorded before the date on which the issue is made, or, if there is a prospectus, over the last 5 days on which sales in the securities are recorded before the date the prospectus is signed.

The Company is completing the Placement (including the \$1 million announced by the Company to the ASX Market Announcements Platform on 4 February 2015) which fully utilises the above pre-approved Share issue plus a portion of the Company's 15% capacity available under ASX Listing Rule 7.1.

If the Company is unable to use debt or equity to fund development of its existing mineral exploration business, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional capital resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which 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.

It is noted that the Independent Audit Report on the Company's full-year financial statements to 30 June 2014 contained an Emphasis of Matter in relation to a material uncertainty which may cast significant doubt about the Company's ability (as a consolidated entity) to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in those accounts.

**(b) Exploration**

The mineral tenements in which the Company has an interest are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future (if any), will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, which has not yet occurred and may never occur, there is no guarantee that it can be economically exploited.

If the Company conducts future exploration activities, they may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes are not conducted or prove to be unsuccessful this could lead to a diminution in the value of the tenements, deterioration in the financial performance and financial position of the Company and possible relinquishment of the tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability. The Company makes no forecast and gives no assurance as to whether its mineral exploration business will be developed or become economically viable.

**(c) Operations**

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

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. The Company is currently undertaking limited exploration activities and there is a risk that it will not undertake further exploration activities, for example if it is unable to fund them or if the Company determines not to undertake such activities.

**(d) Regulatory Risks**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including, without limitation, tenement

requirements and risks, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities (although no such activities are currently in progress).

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements in which the Company currently holds an interest.

**(e) Market for Shares**

There can be no guarantee that an active market in the Company's Shares or listed Options will exist in future.

**(f) No Profit to Date**

The Company has incurred losses and it is therefore not possible to evaluate the future prospects based on past performance.

**(g) Acquisitions or other strategic investments**

The Company may make acquisitions or strategic investments in complementary or non-complementary businesses or entities, or enter into strategic partnerships or alliances with third parties. Such acquisitions would carry further risks arising, without limitation, from the assets or entities potentially acquired, which may have a material adverse effect on, among other things, the financial position and financial performance of the Company. At the date of this Prospectus, the Company is not aware of the occurrence or likely occurrence of any such future acquisitions.

## **1.6 Publicly available information**

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. 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. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision on whether or not to invest in Securities or the Company.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any such extraneous information or representation may not be relied upon.

## 1.7 Offer restrictions

The offer of Securities made pursuant to this Prospectus are not made to persons or in places to which, or in which, it would not be lawful to make such an offer of Securities. No action has been taken to register the Offer under this Prospectus or otherwise permit the Offer to be made in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate applicable laws.

This Prospectus 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.

## 1.8 Representations

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company or the Directors in relation to the Offer.

## 1.9 Forward-looking statements

This Prospectus contains forward-looking statements which incorporate an element of uncertainty or risk, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These statements are based on an evaluation of current economic and operating conditions, as well as assumptions regarding future events. These events, as at the date of this Prospectus, are expected to take place, but there is no guarantee that such will occur as anticipated or at all given that many of the events are outside the Company's control.

Accordingly, the Company cannot and does 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. Further, the Company may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

## 1.10 Interpretation

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in **Section 9**.

All references in this Prospectus to **\$**, **AUD** or **dollars** are references to Australian currency, unless otherwise stated.

All references to time in this Prospectus relate to the time in Perth, Western Australia.

## **2. CORPORATE DIRECTORY**

### **Directors**

Robert McCauley – Executive Director  
James Ellingford – Non-Executive Director  
Peter Torney – Non-Executive Director

### **Company Secretary**

Elizabeth Hunt

### **Registered Office**

Level 11, London House  
216 St Georges Terrace  
Perth WA 6000

### **Share Registry** (for information purposes only)

BoardRoom Pty Limited  
GPO Box 3993  
Sydney NSW 2001

### **Auditor** (for information purposes only)

Bentleys  
Level 1, 12 Kings Park Road  
West Perth WA 6005

### **Legal Advisor**

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### **ASX Code**

CMY, CMYO

### **Website**

[www.capitalmining.com.au](http://www.capitalmining.com.au)

### 3. TIMETABLE

The timetable for the Offer is as follows:

| Event                                                                                                  | Date             |
|--------------------------------------------------------------------------------------------------------|------------------|
| Lodgement of this Prospectus with ASIC                                                                 | 12 February 2015 |
| Opening Date                                                                                           | 12 February 2015 |
| Closing Date                                                                                           | 19 February 2015 |
| Expected Date of Official Quotation of the Shares (subject to ASX approval of that Official Quotation) | 23 February 2015 |

The above dates are indicative only and may be subject to change. The Directors reserve the right to vary these dates, including the Closing Date, without prior notice but subject to any applicable requirements of the Corporations Act or the ASX Listing Rules. This may include extending the Offer or accepting late acceptances, either generally or in particular cases.

## **4. DETAILS OF THE OFFER**

### **4.1 Offer**

The Company is making an offer of 1,000 Shares to investors identified by the Directors at an issue price of \$0.01 each to raise \$10 before expenses of the Offer. The Offer has a minimum subscription of 1,000 Shares to raise \$10. The Offer will only be made to investors identified by the Directors, however no Shares will be issued under the Offer to Directors, related parties of the Company or any other person if the issue would breach the takeover prohibition in section 606 of the Corporations Act.

The Company reserves the right to reject any Application Form or to allocate any Applicant fewer Shares than the number for which the Applicant has applied.

### **4.2 Condition of the Offer**

The Offer is conditional upon the Company achieving the minimum level of subscription for the Offer, being 1,000 Shares to raise \$10.

Satisfaction of the above condition is a requirement for the issue of Shares under the Offer. In the event that this condition is not met within 4 months of the date of this Prospectus (or such period as varied by the ASIC), all Application Monies will be returned to Applicants without interest as soon as practicable thereafter and no Shares will be issued under the Offer.

### **4.3 Purpose of the Offer**

The Company is seeking to raise only a nominal amount of \$10 under this Prospectus and accordingly, the purpose of this Prospectus is not to raise capital. The Directors intend to apply the proceeds from the Offer to expenses of the Offer.

The Offer is for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of certain Shares issued prior to the Closing Date, including the placement of 538,500,000 Shares to be issued, to investors to whom the Company is not required to issue a disclosure document under the Corporations Act, on or about 13 February 2015 at an issue price of \$0.004 per Share (**Placement**), comprising a total of \$2,154,000. Of this amount, a total of \$1.2 million is cash and the remaining \$954,000 will notionally be applied in lieu of cash payment for invoices owing by the Company to creditors of the Company.

The Shares to be issued pursuant to the Placement will rank equally with existing Shares on issue.

The funds raised via the Placement will be used for general working capital purposes, current and potential projects, business development purposes, potential acquisition of new projects (although no such acquisitions are currently identified by the Directors) and consultancy fees.

### **4.4 Cleansing**

Relevantly, section 708A(11) of the Corporations Act provides that an offer of securities for sale does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
  - (i) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

#### **4.5 Rights and liabilities attaching to new Securities**

The Shares to be issued pursuant to the Offer are of the same class and will rank equally in all respects with the existing Shares on issue. The rights and liabilities attaching to the Shares are further described in **Section 7.2**.

#### **4.6 Minimum subscription**

The Offer is conditional on the Company achieving the minimum level of subscription of 1,000 new Shares to raise \$10. No Shares under the Offer will be issued until the minimum subscription has been reached. If the minimum subscription has not been achieved within 4 months from the date of this Prospectus (or such period as varied by the ASIC), all Application Monies will be refunded to Applicants without interest in accordance with the Corporations Act.

#### **4.7 Oversubscriptions**

No oversubscriptions for the Offer will be accepted by the Company.

#### **4.8 Underwriting**

The Offer is not underwritten.

#### **4.9 Commissions on Offer applications**

The Company reserves the right to pay a fee of up to 6% (exclusive of GST) of amounts subscribed to any licensed securities dealer or Australian Financial Services Licensee in respect of valid Application Forms lodged and accepted by the Company with the stamp of the licensed securities dealer or Australian Financial Services Licensee. Payments will be subject to receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services Licensee.

#### **4.10 Applications**

Applications for Securities under the Offer can only be made on the relevant original Application Form attached to or accompanying this Prospectus. Under the Offer, Applicants may apply for a minimum parcel of 100 Shares, representing a minimum investment of \$1.00 using an Application Form. Applicants seeking additional Shares must apply thereafter for Shares in multiples of 100 (equivalent to \$1.00).

All applications must be completed in accordance with the detailed instructions on the Application Form and be accompanied by a cheque or bank cheque drawn and payable on

an Australian bank (if applicable). The cheque must be made payable to “Capital Mining Limited” and should be crossed “Not Negotiable”. No brokerage or stamp duty is payable.

Completed Application Forms and accompanying cheques (if applicable) must be received by the Company before 5.00pm (WST) on the Closing Date by either being delivered to, or mailed to, the following address:

|                                                                                                                                     |                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| <b>Delivered to:</b><br>Capital Mining Limited<br>c/- Mining Corporate Pty Ltd<br>Level 11, 216 St Georges Terrace<br>Perth WA 6000 | <b>Posted to:</b><br>Capital Mining Limited<br>c/- Mining Corporate Pty Ltd<br>GPO Box 2517<br>Perth WA 6831 |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|

All Application Monies received with duly completed Application Forms will be paid into the Company account in accordance with **Section 4.12**.

An original, completed and lodged Application Form together with a cheque for the Application Monies (if applicable) constitutes a binding and irrevocable offer to subscribe for the number of Securities specified in each Application Form. The Application Form does not need to be signed to be valid.

If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors’ decision as to whether to treat such an Application Form as valid and how to construe, amend or complete the Application Form is final, however, for Application Forms an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application Monies.

Applicants are encouraged to lodge their Application Forms as soon as possible, as the Offer may close early without notice.

#### **4.11 Allocation and issue of Securities**

Subject to satisfaction of the relevant condition specified in **Section 4.2**, the issue of Securities will occur as soon as practicable after the Closing Date. Holding statements will then be dispatched as required by ASX. It is the responsibility of Applicants to determine whether they have been allocated any Shares pursuant to the Offer prior to trading in those Shares. Applicants who sell the Securities before they receive their holding statement will do so at their own risk.

The Directors reserve the right to reject any Application Form or to issue a lesser number of Shares than that applied for under the Offer. If the number of Shares allocated is less than that applied for, or no issue is made, the surplus Application Monies will be promptly refunded without interest.

#### **4.12 Application Monies**

The Application Monies for Shares to be issued pursuant to the Offer will be held in trust on behalf of Applicants until the Shares are issued. If the condition to the Offer set out in **Section 4.2** is not achieved within a period of 4 months from the date of this Prospectus (or such period as varied by the ASIC), the Application Monies will be refunded to Applicants in full as soon as practicable without interest, and no Shares will be issued under the Offer. All interest earned on Application Monies (including those which do not result in the issue of Shares) will be retained by the Company.

#### **4.13 ASX quotation**

The Company will apply to ASX within 7 days after the date of this Prospectus for Official Quotation of the Shares offered under this Prospectus.

If approval for Official Quotation of the Shares to be issued pursuant to this Prospectus is not granted within 3 months after the date of this Prospectus (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application Monies without interest as soon as practicable.

There can be no guarantee of whether ASX will grant Official Quotation of the Shares, but if ASX does grant such Official Quotation, that is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

#### **4.14 Overseas investors**

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit an offering of Securities in any jurisdiction outside Australia. It is the responsibility of non-Australian resident investors to obtain all necessary approvals and comply with all relevant regulations for the issue to them of Securities offered pursuant to this Prospectus. Return of a duly completed Application Form will constitute a representation and warranty that there has been no breach of such regulations.

#### **4.15 CHESS and issuer sponsorship**

The Company operates an electronic CHESS sub-register and an electronic issue sponsored sub-register. These two sub-registers will make up the Company's register of Securities.

The Company will not issue certificates to security holders. Rather, holding statements (similar to bank statements) will be dispatched to security holders as soon as practicable after issue. Holding statements will be sent either by CHESS (for security holders who elect to hold Securities on the CHESS sub-register) or by the Company's Share Registry (for security holders who elect to hold their Securities on the issuer sponsored sub-register). The statements will set out the number of Securities issued under this Prospectus and the Holder Identification Number (for security holders who elect to hold Securities on the CHESS sub register) or Shareholder Reference Number (for security holders who elect to hold their Securities on the issuer sponsored sub-register). Updated holding statements will also be sent to each security holder following the month in which the balance of their security holding changes, and also as required by the ASX Listing Rules and the Corporations Act.

#### **4.16 Privacy disclosure**

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Securities, to provide facilities and services to security holders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry. If the information requested is not supplied, applications for Securities will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained, corrected and updated by that Shareholder through contacting the Company or the Share Registry.

#### **4.17 Taxation**

It is the responsibility of all investors to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisors. The Company and the Directors do not accept any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus.

#### **4.18 Enquiries**

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, lawyer, accountant or other professional advisor without delay. Questions relating to the Offer can be directed to the Company on +61 8 9481 0389.

## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

#### Offer

This Offer is for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of certain Shares to be issued prior to the Closing Date, including the Shares to be issued pursuant to the Placement.

### 5.2 Effect of the Offer

The effect of the Offer will, assuming that no Options are exercised and that 1,000 Shares are issued pursuant to the Offer, be that:

- (a) cash reserves (before costs) will increase by approximately \$10; and
- (b) the number of Shares on issue will increase from 790,655,618 to 790,656,618 (excluding the Placement).

The Directors intend to apply the proceeds from the Offer to expenses of the Offer.

### 5.3 Capital structure

The capital structure of the Company following completion of the Offer and including the Placement is set out below:

| Shares                                                                | Full Subscription    |
|-----------------------------------------------------------------------|----------------------|
| Existing Shares on issue at the date of this Prospectus               | 790,655,618          |
| Shares to be issued under the Offer                                   | 1,000                |
| Shares to be issued under the Placement                               | 538,500,000          |
| <b>Total Shares on issue at completion of the Offer and Placement</b> | <b>1,329,156,618</b> |

| Options                                                                                                    | Full Subscription  |
|------------------------------------------------------------------------------------------------------------|--------------------|
| Existing quoted Options on issue at the date of this Prospectus <sup>1</sup>                               | 269,336,524        |
| Options to be issued under the Offer and Placement                                                         | Nil                |
| <b>Total Options on issue at completion of the Offer and Placement (assuming no Options are exercised)</b> | <b>269,336,524</b> |

#### Notes:

1. Options exercisable at \$0.02 each and expiring 31 December 2016.

## 5.4 Pro forma statement of financial position

Set out below is the audited consolidated statement of financial position of the Company and the unaudited pro forma consolidated statement of financial position, as at 30 June 2014, prepared on the basis of the following assumptions:

- (a) the Offer was effective on 12 February 2015;
- (b) the Placement of 538,500,000 Shares (comprised of 300,000,000 Shares for cash consideration of a total of \$1,200,000 and 238,500,000 Shares in lieu of repayment of \$954,000 of the Company's debts); and
- (c) no further Securities are issued (including by way of exercise of Options).

The significant accounting policies upon which the consolidated statement of financial position and the pro forma consolidated statement of financial position are based are contained in the audited financial report for the year ended 30 June 2014.

|                                                 | Audited<br>30 June 2014<br>\$ | Adjustments<br>related to the<br>Placement<br>\$ | Adjustments<br>related to the<br>Offer<br>\$ | Unaudited<br>Pro Forma<br>30 June 2014<br>\$ |
|-------------------------------------------------|-------------------------------|--------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Current Assets</b>                           |                               |                                                  |                                              |                                              |
| Cash and cash equivalents                       | 94                            | 1,128,000                                        | (9,990)                                      | 1,118,104                                    |
| Trade and other receivables                     | 37,362                        | -                                                | -                                            | 37,362                                       |
| Financial assets                                | 4,264                         | -                                                | -                                            | 4,264                                        |
| <b>Total Current Assets</b>                     | <b>41,720</b>                 | <b>1,128,000</b>                                 | <b>(9,990)</b>                               | <b>1,159,730</b>                             |
| <b>Non-Current Assets</b>                       |                               |                                                  |                                              |                                              |
| Plant & equipment                               | 1,411                         | -                                                | -                                            | 1,411                                        |
| Security deposits                               | 85,000                        | -                                                | -                                            | 85,000                                       |
| Deferred exploration and evaluation expenditure | 2,405,661                     | -                                                | -                                            | 2,405,661                                    |
| <b>Total Non-Current Assets</b>                 | <b>2,492,072</b>              | <b>-</b>                                         | <b>-</b>                                     | <b>2,492,072</b>                             |
| <b>TOTAL ASSETS</b>                             | <b>2,533,792</b>              | <b>1,128,000</b>                                 | <b>(9,990)</b>                               | <b>3,651,802</b>                             |
| <b>Current Liabilities</b>                      |                               |                                                  |                                              |                                              |
| Trade and other payables                        | 552,808                       | -                                                | -                                            | 552,808                                      |
| <b>Total Current Liabilities</b>                | <b>552,808</b>                | <b>-</b>                                         | <b>-</b>                                     | <b>552,808</b>                               |
| <b>TOTAL LIABILITIES</b>                        | <b>552,808</b>                | <b>-</b>                                         | <b>-</b>                                     | <b>552,808</b>                               |
| <b>NET ASSETS</b>                               | <b>1,980,984</b>              | <b>1,128,000</b>                                 | <b>(9,990)</b>                               | <b>3,098,994</b>                             |
| <b>EQUITY</b>                                   |                               |                                                  |                                              |                                              |
| Contributed equity                              | 11,758,979                    | 2,082,000                                        | (9,990)                                      | 13,830,989                                   |
| Reserves                                        | 286,826                       | -                                                | -                                            | 286,826                                      |
| Accumulated losses                              | (10,064,821)                  | (954,000)                                        | -                                            | (11,018,821)                                 |
| <b>TOTAL EQUITY</b>                             | <b>1,980,984</b>              | <b>1,128,000</b>                                 | <b>(9,990)</b>                               | <b>3,098,994</b>                             |

### Notes

Adjustments related to the Offer assume funds of \$10 raised and costs of the Offer of \$10,000.

Adjustments related to the Placement assume funds of \$1,200,000 cash raised, further Shares are issued pursuant to the Placement in lieu of repayment of debts owed by the Company valued at \$954,000 and costs of the Placement of \$72,000.

## 5.5 Effect of the Offer and the Placement on control

The Company will not issue Shares under the Offer or the Placement to Directors, related parties of the Company or any other person if the issue would breach the takeover prohibition in section 606 of the Corporations Act.

The following table sets out the potential dilutionary effect of the Offer assuming that no current Shareholders apply for or are issued Shares under the Offer.

| Full Subscription                            |                     |            |
|----------------------------------------------|---------------------|------------|
| Existing Shares (inclusive of the Placement) | Shares to be issued | % dilution |
| 1,329,155,618                                | 1,000               | 0.0%       |

The following table sets of the dilutionary effect of the Placement on current Shareholders (prior to the completion of the Offer) assuming no current Shareholders apply for or are issued Shares under the Placement.

| Full Subscription                            |                     |            |
|----------------------------------------------|---------------------|------------|
| Existing Shares (exclusive of the Placement) | Shares to be issued | % dilution |
| 790,655,618                                  | 538,500,000         | 68.1%      |

## 6. RISK FACTORS

As with any share investment, there are risks associated with an investment in the Company. The numerous risk factors are both of a specific and a general nature. Some can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated.

This **Section 6** along with **Section 1.5** identify the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed. Potential investors should read the entire Prospectus and the Company's ASX announcements and consult their professional advisor before deciding whether to apply for Shares.

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 and Options in the future.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

### 6.1 Key risks

Risks specific to the Company are set out in **Section 1.5**.

### 6.2 Industry Specific Risks

#### (a) Failure to satisfy Expenditure Commitments

Interests in tenements in Australia are governed by mining acts and regulations 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.

#### (b) Tenure and access

Tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for tenements (if any) will be approved.

The imposition of conditions on tenements or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

#### (c) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account by the Company. If such unforeseen expenditure is subsequently incurred, this may adversely affect the Company's financial position and financial performance.

#### (d) Dependence on outside parties

The Company may pursue a strategy that forms strategic business relationships with other organizations. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations.

## **6.3 General risks**

### **(a) Policies and legislation**

Any material adverse changes in Federal, State or Territory government policies or legislation of Australia and in other jurisdictions in which the Company operates or may operate may affect the viability and profitability of the Company.

### **(b) Commodity Price and Exchange Rate Risk**

The Company makes no representation of forecast as to whether it will receive any future earnings, revenues or cash flows. However, the value of its existing minerals exploration business (including interests in tenements) will be impacted by changes in the prices of commodities. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include current and expected future supply and demand, forward selling by producers, production cost levels in major metal producing centres as well as macroeconomic conditions such as inflation and interest rates.

Furthermore, the international prices of most commodities are denominated in United States dollars while the Company's cost base with respect to its minerals exploration business will be in Australian dollars. Consequently changes in the Australian dollar exchange rate will impact on the earnings of the Company. The exchange rate is affected by numerous factors beyond the control of the Company, including interest rates, inflation and the general economic outlook.

### **(c) Share market**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. The market price of the Shares (and the Company's quoted Options) may be subject to fluctuation and may be affected by many factors including, but not limited to, the following:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- commodity price fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

There is also no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few or no buyers or sellers of Shares or quoted Options on the ASX at any particular time.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. Investors may therefore realise less than, or lose all of, their investment.

### **(d) Competition**

The industry in which the Company is 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, and such activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

**(e) Economy**

The future viability of the Company is also dependent on a number of factors which may affect the performance of all industries and not just the exploration and mining industries including, but not limited to, the following:

- general economic conditions;
- changes in Government policies, taxation and other laws;
- the strength of the equity and share markets in Australia and throughout the world and, in particular, investment sentiment towards the commodities sector;
- movement in, or outlook on, exchange rates, interest rates and inflation rates; and
- natural disasters, social upheaval or war.

**(f) Taxation**

In addition to the Company being at risk of adverse taxation events and reforms in taxation laws (and other laws) the acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

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

**(g) Litigation Risks**

The Company is exposed to possible litigation risks including, without limitation, native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

**(h) Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its management and its Directors. There can be no assurance given that there will be no detrimental impact on the Company if one or more of those individuals cease to be appointed to the Company.

**(i) Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature

or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks faced by the Company is not always available and where available the costs can be prohibitive.

**(j) Speculative investment**

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

The Shares proposed to be issued pursuant to this Prospectus should be considered speculative due to the nature of the Company's business. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or market value.

The prices at which an investor may be able to trade the Shares, if at all, may be above or below the price paid by the investor for the Shares.

Potential investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

Potential investors should also 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.

## 7. ADDITIONAL INFORMATION

### 7.1 Continuous disclosure obligations

The Company is a “listed disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which, among other things, require it to disclose to the 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 the value of the Company's securities.

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a “transaction-specific” prospectus in respect of the Offer.

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

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.

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with 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, an office of 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 with ASIC by the Company;
  - (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of the annual financial report referred to in **Section 7.1(c)(i)** and before the lodgement of a copy of this Prospectus with ASIC; and
  - (iii) all continuous disclosure notices 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 **Section 7.1(c)(i)** before the lodgement of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules that investors or their professional advisers:

- (a) would reasonably require for the purpose of making an informed assessment of:

- (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to the Shares the subject of this Prospectus; and
- (b) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offer. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

Copies of all documents lodged with ASIC in relation to the Company can be obtained from, or inspected at, an ASIC office, or they may be inspected at the registered office of the Company during normal office hours.

The following announcements have been lodged with the ASX in respect of the Company since the lodgement on 30 September 2014 of the 2014 annual report.

| <b>Date</b> | <b>Heading</b>                                  |
|-------------|-------------------------------------------------|
| 12/02/2015  | Placement Update                                |
| 04/02/2015  | HexStudy & Capital Raising Update               |
| 02/02/2015  | Trading Halt                                    |
| 28/01/2015  | Quarterly Activities & Cashflow Reports         |
| 06/01/2015  | GMN: EL 5939 Cowarra Gold Project               |
| 27/11/2014  | Results of Meeting                              |
| 11/11/2014  | CGU: EL 5939 Cowarra Gold Project Update        |
| 28/10/2014  | Quarterly Activities & Cashflow Reports         |
| 28/10/2014  | HexStudy Update                                 |
| 27/10/2014  | Notice of Annual General Meeting/Proxy Form     |
| 27/10/2014  | CEO Remuneration                                |
| 22/10/2014  | HexStudy Update                                 |
| 16/10/2014  | Appendix 3B                                     |
| 16/10/2014  | HexStudy Update                                 |
| 15/10/2014  | Prospectus                                      |
| 15/10/2014  | HexStudy Update                                 |
| 7/10/2014   | MoU Signed for Potential Investment in HexStudy |
| 3/10/2014   | Trading Halt                                    |

## 7.2 Rights and liabilities attaching to the Shares

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, ASX Listing Rules and the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### (a) General Meetings

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

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

### (b) Voting Rights

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

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

### (c) Dividend Rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividend the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

### (d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, 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 of the Company, 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 securities in respect of which there is any liability. Shareholder liability

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

(e) 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 or the ASX Listing Rules.

(f) Variation of Rights

Pursuant to 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.

(g) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of the votes cast by Shareholder entitled to vote 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.

### 7.3 Terms of Options

The following is a description of the terms of the Company's quoted Options exercisable at \$0.02 each on or before 31 December 2016.

- a) Each Option entitles the holder to acquire one fully paid ordinary share in the Company.
- b) The Options may be exercised at any time until 31 December 2016. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of two cents (2c) per Option exercised. The Options will lapse at 5.00pm WST on 31 December 2016.
- c) The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until 31 December 2016. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
- d) Optionholders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Optionholders shall be afforded the period of at least ten (10) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.

- e) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
- f) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- g) If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- h) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with ASX Listing Rule 6.22.

## 7.4 Consents

Each of the parties referred to as consenting parties who are named below:

- (a) does not make the Offer;
- (b) has not authorised, and has not caused the issue of this Prospectus;
- (c) has not made, or purported to make, any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, except to the extent specified in this **Section 7.4**;
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus; and
- (e) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.

| Role                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Consenting Party                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| Australian legal adviser to the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Steinepreis Paganin                       |
| The Company's auditor, which has also given its written consent to the inclusion of the Company's audited balance sheet, descriptions of the audit report (in <b>Sections 1.5 and 5.4</b> ) and other information in this Prospectus and has consented to the inclusion of all statements relating to Bentleys Audit and Corporate (WA) Pty Ltd in this Prospectus, in each case in the form and context in which it is included. Bentleys Audit and Corporate (WA) Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC. | Bentleys Audit and Corporate (WA) Pty Ltd |

## 7.5 Directors', experts' and advisers' consents and interests

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

- Director or proposed Director (or any firm in which any such Director or proposed Director is a partner or director);
- 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;
- promoter of the Company; or
- underwriter to the issue of the Securities or financial services licensee named in this Prospectus as being involved in the issue of the Securities,

holds at the date of this Prospectus or held at any time during the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the offer of Securities under the Offer; or
- 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:

- in the case of the Directors or any proposed Directors, as an inducement to become or qualify as a Director; or
- for services provided in connection with:
  - a. the formation or promotion of the Company; or
  - b. the Offer.

(a) **Directors' Relevant Interests in securities**

As at the date of this Prospectus, the Directors had the following Relevant Interests in Shares:

| Director                     | Number    |
|------------------------------|-----------|
| Robert McCauley <sup>1</sup> | 3,915,570 |
| James Ellingford             | -         |
| Peter Torney                 | -         |

As at the date of this Prospectus, the Directors had the following Relevant Interests in Options:

| Director                     | Exercise price | Expiry date      | Number  |
|------------------------------|----------------|------------------|---------|
| Robert McCauley <sup>1</sup> | \$0.02         | 31 December 2016 | 978,892 |
| James Ellingford             | -              | -                | -       |
| Peter Torney                 | -              | -                | -       |

**Note:**

1. Shares and Options described in the two tables above are held by Catherine McCauley (Robert McCauley's wife who holds 160,000 Shares and 40,000 Options) and by Chakola Gold Pty Ltd, a company in which Robert McCauley and his associates are shareholders and in which he is a director (which holds 3,755,570 Shares and 938,892 Options).

(b) **Remuneration**

The Constitution provides that the Directors may be paid for their services as directors a maximum total amount (excluding salaries) determined by the Company in general meeting (currently set at \$250,000). Executive Directors are entitled to be remunerated by salary or other employment related benefits in accordance with their employment agreements. The table below sets out the remuneration paid, or due to be paid, to the Directors, inclusive of superannuation (exclusive of GST) for the two financial years prior to the date of this Prospectus and for the current financial year until the date of this Prospectus:

| Director         | Proposed remuneration to be paid in 2015 financial year | Remuneration paid in 2014 financial year | Remuneration paid in 2013 financial year |
|------------------|---------------------------------------------------------|------------------------------------------|------------------------------------------|
| Robert McCauley  | \$67,500                                                | \$149,863                                | \$273,339                                |
| James Ellingford | \$109,500                                               | \$109,250                                | \$30,000                                 |
| Peter Torney     | \$26,280                                                | \$61,180                                 | -                                        |

(c) **Experts and advisers**

Steinepreis Paganin has acted as legal adviser to the Company. Steinepreis Paganin's fees for work in relation to the Offer (which includes services in connection with the Offer) up to the date of lodgement of this Prospectus will be approximately

\$5,000 (plus GST and disbursements). Steinepreis Paganin may receive further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

## 7.6 Expenses of the Offer

The estimated expenses of the Offer (exclusive of GST) are as follows:

| Expense      | Full Subscription |
|--------------|-------------------|
| Legal fees   | \$5,000           |
| ASIC fees    | \$2,290           |
| ASX fees     | \$1,614           |
| Other costs  | \$1,096           |
| <b>Total</b> | <b>\$10,000</b>   |

## 7.7 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 Company's securities were suspended from 19 December 2013 until 12 June 2014 pending an update on the acquisition announced on 8 October 2013. Since reinstatement to Official Quotation, the highest and lowest Share price has been \$0.013 (1.3 cents, on 16 October 2014) and \$0.002 (0.2 of a cent on 7 August 2014) respectively. The last market sale price per Share prior to the date of this Prospectus was \$0.006 (0.6 of a cent).

Since reinstatement to Official Quotation, the highest and lowest trading prices of listed Options in the Company (which are exercisable for \$0.02 each and expire on 31 December 2016) has been \$0.002 (0.2 of a cent, on 4 February 2015 and on 16 and 17 October 2014) and \$0.001 (0.1 of a cent, traded on various dates during the last half of the 2014 calendar year and in February 2015) per Option, respectively. The last market sale price per Option prior to the date of this Prospectus was \$0.001 (0.1 of a cent).

## 7.8 Litigation

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

## 7.9 Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future financial performance on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## 8. 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 ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company on 12 February 2015.

A handwritten signature in black ink, appearing to read 'R. McCauley', with a horizontal line underneath.

**Robert McCauley**  
Executive Director  
Capital Mining Limited

## 9. DEFINITIONS

Definitions used in this Prospectus are as follows:

**Applicant** means an applicant for Securities under the Offer.

**Application Form** means an application form in respect of the Offer attached to and forming part of this Prospectus.

**Application Monies** means the amount of money in dollars and cents payable for Shares at \$0.01 per Share pursuant to the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** means the ASX Listing Rules published and distributed by the ASX.

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

**CHESS** means ASX Clearing House Electronic Sub-register System.

**Closing Date** means the date that the Offer close which is 5.00pm (WST) on 19 February 2015 or such other time and date as the Directors determine.

**Company** means Capital Mining Limited ACN 104 551 171.

**Constitution** means the constitution of the Company.

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

**Director** means a director of the Company.

**Offer** means the offer to investors to be identified by the Directors of 1,000 shares at an issue price of \$0.01 each pursuant to this Prospectus to raise \$10.

**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Official Quotation** means official quotation on ASX.

**Opening Date** means the first date for receipt of completed Application Forms which is 12 February 2015 or such other time and date as the Directors determine.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of one or more Options.

**Placement** has the meaning given in **Section 4.3**.

**Prospectus** means this prospectus dated 12 February 2015.

**Section** means a section of this Prospectus, unless otherwise specified.

**Securities** means Shares.

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

**Share Registry** means BoardRoom Pty Limited.

**Shareholder** means the registered holder of a Share.

**WST** means Western Standard Time in Australia.