

MAGNIS RESOURCES LIMITED

ACN 115 111 763

ABN 26 115 111 763

SHORT FORM PROSPECTUS

For an offer to transfer 200,000,000 UAL Shares to Shareholders of Magnis Resources Limited pursuant to an equal Capital Reduction by way of In Specie Distribution contained in the Capital Reduction Resolution in the Notice of Meeting dated 5 April 2016.

IMPORTANT NOTICE This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with ASIC, the contents of which are therefore taken to be included in this Prospectus.

The Company Directors consider an investment in the UAL Shares that will be distributed and transferred under this Prospectus and the Capital Reduction Resolution, to be speculative.

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1 IMPORTANT NOTES

1.1 General

This Prospectus is dated 26 February 2016 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus, or the merits of the investment to which this Prospectus relates.

No UAL Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus.

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

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser immediately. The UAL Shares, the subject of this Prospectus should be considered speculative.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. 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 Company Shareholders and professional advisers whom Company Shareholders may consult.

The Offer to New Zealand Shareholders is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about the terms and conditions of the Offer, you should seek the advice of an appropriately qualified financial adviser.

As UAL is an unlisted public company, the UAL Shares will not be listed on the ASX or any other securities exchange.

Defined terms and abbreviations used in this Prospectus are defined in Section 7.

1.2 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather,

it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on 26 February 2016. This Prospectus is issued pursuant to section 710 of the Corporations Act.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of UAL Shares under this Prospectus and contains information that will provide Company Shareholders and their professional advisers to assist them in making an informed assessment of:
 - (i) the rights and liabilities attaching to the UAL Shares; and
 - (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of UAL;
- (b) refers Company Shareholders and their professional advisers to this Prospectus which summarises the material information in the Notice of Meeting deemed to be incorporated in this Prospectus;
- (c) informs Company Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting or the Constitution by contacting the Company at its registered office during normal business hours during the Offer Period; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Company Shareholders and their professional advisers or analysts.

1.3 Forward looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward looking statements or information.

Whilst the Company considers the expectations reflected in any forward looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined Schedule 7 of the Notice of Meeting, as well as other matters not yet known to the Company or not currently considered material to UAL, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.

1.4 Competent Persons Statement

The technical information contained in the Explanatory Statement that relates to Exploration Targets, Exploration Results or Mineral Resources or Ore Reserves is based on information compiled by Mr Brent Laws, a Competent Person who is a registered member of the Australasian Institute of Mining & Metallurgy. Mr Laws is a full time employee of the Company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Laws consents to the inclusion of the technical information in the form and context in which it appears.

2 THE OFFER

2.1 Terms and Conditions of the Offer

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus.

The Capital Reduction Resolution in the Notice of Meeting is as follows:

“That for the purposes of section 256C(1) of the Corporations Act and for all other purposes, the issued share capital of the Company be equally reduced by the Company making a pro rata distribution in specie of the entire share capital of UAL to Eligible Shareholders based on their holdings as at the Record Date, and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Extraordinary General Meeting.”.

Pursuant to the Capital Reduction Resolution, the Company is inviting Company Shareholders to vote on a reduction of capital by way of an In Specie Distribution of 200,000,000 UAL Shares to Company Shareholders on a pro rata basis.

The number of UAL Shares to which each Eligible Shareholder will be entitled is to be determined as at the Record Date (rounded down to the nearest whole UAL Share), based on Shareholdings at that time. This is to be calculated by reference to the percentage that an Eligible Shareholder’s shareholding represents to the total Shares on issue by the Company (**Entitlement**).

As at the date of this Prospectus it is not possible for the Company to determine these Entitlements given that the Company presently has various parcels of Options on issue with exercise prices which are close to, or lower than, the last closing price of Shares on 25 February 2016 (being the last trading day immediately preceding the date of this Prospectus).

Further, as the Share price may fluctuate between the date of this Prospectus and the Record Date, the number of Options that are “in-the-money” at the Record Date may increase or decrease. As such, Entitlements will be in the range of:

- (a) 0.5766 UAL Share for every 1 Company Shares held – assuming no Options are exercised after the date of this Prospectus (**Upper Limit**); and
- (b) 0.3582 UAL Shares for every 1 Company Shares held – assuming that all of the Options are exercised prior to the Record Date (**Lower Limit**).

The In Specie Distribution will only proceed if the Capital Reduction Resolution is passed by Company Shareholders.

Based on ASIC Regulatory Guide 188, the invitation to vote on the Capital Reduction Resolution in the Notice of Meeting constitutes an offer to transfer the UAL Shares for the purposes of Section 707(3) of the Corporations Act. Accordingly, the Company has prepared this Prospectus.

Distribution of the UAL Shares to any Shareholder with a registered address outside Australia under the Capital Reduction Resolution will be subject to the legal and regulatory requirements in the relevant jurisdictions of those Shareholders.

If the requirements of any such jurisdiction restricts or prohibits the distribution of UAL Shares as proposed or would impose on the Company an undue obligation or burden, the UAL Shares to which the relevant overseas Shareholder is entitled will be sold by the Company on their behalf as soon as practicable after the distribution and the Company will then account to the Shareholder for the net proceeds of the sale after deducting the costs and expenses of the sale.

2.2 Effect of the Offer on the Company

The effect of the Offer on the Company will be:

- (a) the Company ceasing to own 200,000,000 UAL Shares (being all of the UAL Shares currently on issue as at the date of this Prospectus); and
- (b) the Company's share capital and total and net assets being reduced by approximately \$1,766,900; and
- (c) Company Shareholders that are registered on the Record Date receiving a number of UAL Shares based on their Entitlement, which will be in the range of 0.5766 UAL Share for every 1 Company Share held (at the Upper Limit) and 0.3582 UAL Shares for every 1 Company Share held (at the Lower Limit).

2.3 Effect of the Offer on UAL

The effect of the Offer on UAL will be that the entire issued capital of UAL (200,000,000 UAL Shares) will no longer be held by the Company as sole shareholder and instead will be held by Company Shareholders that are registered on the Record Date of the Demerger.

2.4 Action required by Company Shareholders

No action is required by Company Shareholders under this Prospectus.

Should Company Shareholder approval be obtained for the In Specie Distribution (by approving the Capital Reduction Resolution), the UAL Shares will be transferred to Company Shareholders in accordance with the terms set out in the Notice of Meeting.

A prospectus is normally required to include an application form for shares. ASIC has granted relief from the requirement in ASIC Class Order [CO 07/10] so that the application form is not required to be included in this Prospectus. If the Capital Reduction Resolution is passed, the Company will sign the share transfer forms for the transfer of the UAL Shares to Company Shareholders on behalf of Company Shareholders. Company Shareholders will receive a holding statement for the UAL Shares to which they are entitled.

If you have any queries regarding this Prospectus, please contact the Company Secretary on +61 (0)2 8397 9888.

3 INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

3.1 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however it incorporates by reference information contained in a document that has been lodged with ASIC.

The Notice of Meeting contains all the information that Company Shareholders require in relation to the Demerger and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus.

The material provisions of the Notice of Meeting are summarised below in Section 3.2 of this Prospectus and will primarily be of interest to Company Shareholders and their professional advisers.

A copy of the Notice of Meeting has been sent to Company Shareholders with this Prospectus. However, Company Shareholders and their professional advisers may also obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours.

3.2 Summary of material provisions of Notice of Meeting

The material provisions of the Notice of Meeting are summarised below. The Sections and Schedules referred to below are a reference to the Sections and Schedules in the Explanatory Memorandum to the Notice of Meeting:

(a) Section 1.1 – Background to the Demerger

This Section provides an overview of the Demerger including information on the internal restructuring of the Uranium Assets within the Group, including the incorporation of UAL and the Uranium Project Subsidiaries to acquire those assets in preparation for the Demerger.

(b) Section 1.2 – Schedule 1 – Summary of Uranium Assets

This Section and Schedule 1 gives a description of the Uranium Assets, comprising the Thatcher Soak Uranium Project, Mkuju Uranium Project and Manyoni Uranium Projects and provides technical information on those projects. There are currently no material agreements affecting these projects.

(c) Section 1.3 – Independent Valuation of the Uranium Assets

This section provides details of the independent valuation of the Uranium Assets which valued those assets at approximately \$1.75 million which the Board relied upon in determining the overall capital reduction value of \$1,766,900 (comprising the Uranium Asset value and amounts of additional equity contributed to UAL by the Company).

(d) Section 1.4 – Competent Persons Statement

This section provides a statement from a Competent Person who has provided the technical information in relation to the Uranium Assets.

(e) Section 1.5 – Restructure

This Section provides a summary of the Restructure. The Company recently incorporated:

- (i) UAL with 200,000,000 UAL Shares on issue upon incorporation and at the date of this Prospectus; and
- (ii) is in the process of incorporating the three Uranium Project Subsidiaries which are to be wholly owned by UAL,

and is currently in the process of transferring the Uranium Assets to these entities. These entities will hold the Uranium Assets upon completion of the Demerger.

The UAL Shares will be distributed directly to the Company Shareholders upon completion of the Demerger.

(f) **Section 1.6 – Advantages and disadvantages of the Demerger**

This Section outlines the principal advantages and disadvantages to Company Shareholders of the Demerger.

(g) **Section 1.7 – Future of the Company if the Demerger is approved**

This Section outlines the Company's anticipated future plans (assuming the Demerger is completed).

(h) **Section 1.8 – Future of the Company if the Demerger is not approved**

This Section outlines the Company's anticipated future plans (assuming the Demerger is not completed). The Company will retain its shareholdings in UAL (and therefore its interests in the Uranium Assets) and continue to meet the tenement rental commitments relating to the Uranium Assets, but incur no expenditure on their development until such time as the Company has surplus resources and capital to do so. There will be little or no impact on the Company's Nachu Graphite Project if the Demerger is not approved.

(i) **Section 1.9 – Future of Uranium Africa if the Demerger is approved**

This Section outlines UAL's anticipated future plans (assuming the Demerger is completed). UAL intends to raise additional capital, update the JORC Mineral Resource Statements for Thatcher Soak, Manyoni and Mkuju, undertake additional exploration work on the Mkuju Uranium Project, and identify additional acquisition opportunities in the uranium sector.

(j) **Section 1.10 – Company Directors' recommendation**

This Section includes a unanimous recommendation from the Company Directors that Company Shareholders vote in favour of the Demerger including the Capital Reduction Resolution. This Section also sets out the reasons for this recommendation.

(k) **Section 2.1 – General (Overview of the Demerger)**

This Section provides a brief overview of the Demerger including the expected number of UAL Shares to be received by Company Shareholders for every Company Share held. Based on the issued capital of the Company of 346,870,236 Shares (assuming that all Shares are issued pursuant to the placement announced to market on 12 February 2016 prior to the Record Date) and their Entitlement, Company Shareholders will receive between:

- (i) 0.5766 UAL Share for every 1 Company Share held (at the Upper Limit); and
- (ii) 0.3582 UAL Shares for every 1 Company Share held (at the Lower Limit),

depending on the number of Options that may be exercised between the date of this Prospectus and the Record Date (and subject to rounding down to the nearest whole UAL Share).

(l) **Section 2.2 – Timetable**

This Section sets out the indicative timetable for the In Specie Distribution.

(m) **Section 2.3 – Uranium Africa Shares not listed**

This Section includes a statement that the UAL Shares will not be listed on the ASX or any other securities exchange.

(n) **Section 2.4 – Requirements under s256B and s256C of the Corporations Act**

This Section includes a statement that the Company Directors believe that the Capital Reduction is fair and reasonable to Company Shareholders and that the Capital Reduction will not prejudice the Company's ability to pay its creditors.

(o) **Section 2.5 – The effect of the proposed equal reduction of capital on the Company**

This Section states that if the Demerger is completed the share capital and net assets of the Company will be reduced by \$1,766,900.

(p) **Section 2.6 – The effect of the proposed equal reduction of capital on Shareholders**

This Section outlines the effect of the proposed equal capital reduction on Shareholders.

(q) **Section 2.7 – The effect of the proposed equal reduction of capital on Option holders**

This Section outlines the effect of the proposed capital reduction on Company Option holders which is that in accordance with Listing Rule 7.22.3, the number of Company Options on issue following the Demerger will remain the same, but the exercise price of each Company Option will be reduced by the same amount as the amount returned in relation to each Company Share.

This Section also includes a statement that in order to receive UAL Shares pursuant to the Demerger, Company Option holders must exercise their Company Options and be registered on the Company's share register on the Record Date

(r) **Sections 2.8 and 2.9 – Capital structures of the Company and UAL**

These Sections provide the capital structure of the Company and UAL at the date of the Notice of Meeting (assuming the Restructure is complete) and a pro forma capital structure of the Company and UAL upon completion of the In Specie Distribution.

(s) **Section 2.10 – Overseas Shareholders**

This Section sets out the rights and restrictions of overseas Company Shareholders in relation to the Demerger and associated In Specie Distribution.

(t) **Section 2.11 – Board of the Company**

This Section provides information about the composition of the Board of Magnis.

(u) **Section 2.12 – Board of UAL (and Uranium Project Subsidiaries)**

This Section provides information about the composition of the Boards of UAL and each of the Uranium Project Subsidiaries.

(v) **Section 2.13 – Directors' Interests**

This Section details the number of securities in the Company which the Directors have an interest in prior to the Demerger and the number of UAL Shares they are likely to receive if the Demerger is completed. The Directors of UAL hold no interests in any securities of the Company or of UAL (and accordingly will not receive any entitlements to participate in the In Specie Distribution).

Further information regarding interests of the Company's Directors is set out in Section 4.1 of this Prospectus.

(w) **Section 2.14 – Uranium Africa Directors' Remuneration**

This section sets out the remuneration that the UAL Directors have received in relation to their directorships or employment with UAL and details any rights or entitlements that they have been granted to receive share based remuneration in UAL.

Further information regarding remuneration of the Company's Directors is set out in Section 4.1 of this Prospectus.

(x) **Section 2.15 – Rights attaching to UAL Shares**

This Section states that a summary of the more significant rights and liabilities attaching to UAL Shares is contained in Schedule 4 of the Notice of Meeting.

(y) Section 2.16 – Risk factors

This Section states that a list of specific and general risks that may have a material effect on the financial position and performance of UAL and the value of its shares is contained in Schedule 5 of the Notice of Meeting.

(z) Section 2.17 – Tax Consequences

This Section outlines the potential Australian tax consequences relating to the Demerger to Company Shareholders.

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

(aa) Section 2.18 – Lodgement with ASIC

This Section outlines the ASIC lodgement processes adhered to by the Company and UAL.

(bb) Section 2.19 – Disclosure to the ASX and ASIC

This Section confirms that the Company has reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX and provides details of where to find disclosed information.

(cc) Section 2.20 – Other Material Information

This Section outlines that there is no information material to the making of a decision by Shareholders as to the Resolution other than as mentioned in the Notice of Meeting and Explanatory Memorandum.

(dd) Section 2.21 – Other Legal Requirements

This Section outlines the Legislative instruments upon which the Prospectus and Notice of Meeting were prepared under.

(ee) Schedule 1 – Uranium Tenements

This Schedule contains a schedule of the tenements which comprise the Uranium Assets.

(ff) Schedule 2 – Financial Information

This Schedule includes a pro-forma balance sheet of the Company's unaudited balance sheet as at 31 December 2015 as a result of the Demerger, which includes the In Specie Distribution, and UAL's unaudited consolidated balance sheet as at 31 December 2015 (assuming the Demerger is completed).

(gg) Schedule 3 – Corporate Structure – Pre and Post Demerger

This Schedule contains the Corporate Structure of the Company, UAL and Uranium Project Subsidiaries Pre and Post Demerger.

(hh) Schedule 4 – Rights attaching to UAL Shares

This Schedule explains the rights attached to Shares held by UAL Shareholders.

(ii) Schedule 5 – Risk Factors

This Schedule details the industry specific risks, UAL specific risks and general risks faced by the Company.

(jj) **Schedule 6 – Definitions**

This Schedule defines the capitalised terms used throughout the Notice of Meeting.

4 ADDITIONAL INFORMATION

4.1 Interests of UAL Directors

- (a) Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting:
- (i) no UAL Director holds, or during the last two years before lodgement of this Prospectus with the ASIC, held, an interest in:
 - (A) the formation or promotion of UAL;
 - (B) property acquired or proposed to be acquired by UAL in connection with its formation or promotion or the Offer; or
 - (C) the Offer; and
 - (ii) except as set out in this Prospectus or the Notice of Meeting, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any UAL Director either to induce him to become, or to qualify, as a UAL Director or otherwise for services rendered by them in connection with the formation or promotion of UAL or the Offer.
- (b) **Remuneration of the Company's Directors**
- (i) The Board recognises that the performance of the group depends upon the quality of its directors and executives. To achieve its operating and financial activities the group must attract, motivate and retain highly skilled directors and executives.
 - (ii) In accordance with the Constitution, the Board of the Company has resolved that each non-executive director is entitled to receive annual fees of \$50,000 and the executive chairman receive annual fees of \$100,000. An additional \$5,000 per annum is paid to directors who act as chairman of committees.
 - (iii) Dr Frank Houllis currently receives a salary of \$286,000 per annum (plus statutory superannuation) for his role as chief executive officer.
 - (iv) Mr Rodney Chittenden currently receives \$260,000 per annum (plus statutory superannuation) for his role as head of operations.
 - (v) Directors have received the following remuneration for the preceding two financial years:

Non Executive Directors	Year	Short term benefits Salary & Fees A\$	Termination Benefits A\$	Post Employment Benefits ^ A\$	Share Based Payments options # A\$	Total
F Poullas *	2014	13,750	-	5,053	92,708 ⁸	111,511
	2015	92,663	-	8,803	10,885 ¹	112,351
J C Jooste-Jacobs	2014	33,816	-	-	128,848 ⁶	162,664
	2015	55,000	-	5,225	10,885 ²	71,110
S B Hunt * (resigned 14.12.15)	2014	18,803	-	-	93,082 ⁷	111,885
	2015	75,000	-	5,225	10,885 ³	91,110
P Tsegas	2014	-	-	-	-	-
	2015	2,197	-	-	-	2,197
P Sarantzouklis (resigned 29.08.14)	2014	9,487	-	4,689	109,043 ⁵	123,219
	2015	16,304	-	1,549	(45,260) ⁴	(27,407)

* Fees paid to related entities

^ Includes superannuation and movements in employee entitlements

Share based payments consist of shares, options and rights issued

~ Other than where indicated, no remuneration was performance based

1 Represents (a\$12,500) unvested rights, a\$20,698 vested rights and a\$2,687 rights

2 Represents (a\$12,500) unvested rights, a\$20,698 vested rights and a\$2,687 rights

3 Represents (a\$12,500) unvested rights, a\$20,698 vested rights and a\$2,687 rights

4 Represents (a\$45,260) unvested right options

5 Represents a\$16,575 options, a\$45,260 rights, a\$30,888 shares and a\$16,320 shares to be issued

6 Represents a\$45,260 rights, a\$61,777 shares and a\$21,811 shares to be issued

7 Represents a\$45,260 rights, a\$33,977 shares and a\$13,844 shares to be issued

8 Represents a\$45,260 rights, a\$33,977 shares and a\$13,471 shares to be issued

4.2 Interests of Advisors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no promoter of UAL or 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 has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of UAL or the Offer.

GRT Lawyers has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay GRT Lawyers approximately \$30,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

Northeast Securities Co., Ltd will receive fees of \$3,000 for the preparation of the independent valuation report prepared in connection with the Demerger to assist the Company to value the Uranium Assets for the purpose of the Capital Reduction.

4.3 Litigation

UAL and the Uranium Project Subsidiaries are newly incorporated entities, all of which are or will be incorporated between 15 February 2016 and the completion of the Demerger. To the knowledge of the Company Directors, as at the date of this Prospectus, UAL is not involved in any legal proceedings, and the Company Directors are not aware of any legal proceedings pending or threatened against UAL.

4.4 Dividend policy

As an exploration entity, the Company does not expect UAL to declare any dividends in the near future as its focus will primarily be on undertaking additional capital raising, updating JORC Mineral Resource Statements on existing exploration data, with the immediate focus being on undertaking additional exploration work on the Mkuju Uranium Project and identifying further uranium project acquisition opportunities.

Any future determination as to the payment of dividends by UAL will be at the discretion of the UAL Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of UAL, future capital requirements and general business and other factors considered relevant by the UAL Directors. No assurances can be given

by the Company Directors in relation to the payment of dividends by UAL or that franking credits may attach to any dividends.

4.5 Forecast financial information

Given the nature of the UAL business and the fact that it is the early stages of exploration of the Uranium Assets, there are significant uncertainties associated with forecasting future revenues and expenses of UAL. In light of uncertainty as to timing and outcome of UAL's growth strategies and the general nature of the industry in which UAL will operate, as well as uncertain macro market and economic conditions in UAL's markets, UAL's performance in any future period cannot be reliably estimated.

On this basis and after considering Regulatory Guide 170, the Company Directors believe that reliable financial forecasts for UAL cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

4.6 Exposure period

The Corporations Act prohibits the Company from transferring the UAL Shares in the 7 day period after the date of lodgement of this Prospectus. This period may be extended by ASIC by up to a further 7 days. This period is an exposure period to enable this Prospectus to be examined by market participants prior to the transfer of the UAL Shares. Given the General Meeting will be held on 5 April 2016 and the In Specie Distribution will occur sometime after that date, the exposure period will be expired by the time the In Specie Distribution occurs.

4.7 Electronic prospectus

An electronic version of this Prospectus is available on the Offer website at www.magnis.com.au. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website and receiving this Prospectus in electronic form within Australia. Persons who access the Prospectus in electronic form should ensure that they download and read the entire Prospectus. Persons having received a copy of this Prospectus in its electronic form may, during the Offer Period, obtain a paper copy of this Prospectus (free of charge within Australia) by contacting Link Market Services Limited on 1300 554 474 (from within Australia) or +61 1300 554 474 (from outside Australia) or it may be downloaded from www.magnis.com.au.

5.1 Responsibility for Prospectus

Notwithstanding that they may be named elsewhere in this Prospectus:

GRT Lawyers are named as the solicitors to the Company and in relation to the Offer. They were involved in the review of this Prospectus for consistency with information provided to them by the Company. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus and have not authorised or caused the issue of this Prospectus or the making of the Offer.

Mr Brent Laws is named as the Competent Person involved with the preparation of information regarding the Uranium Assets contained in Section 1.2 and Schedule 1 of the Explanatory Memorandum. In doing so, he has placed reasonable reliance upon information provided to him by the Company and other third parties. He does not make any other statement in this Prospectus and has not authorised or caused the issue of this Prospectus or the making of the Offer.

Northeast Securities Co., Ltd are named as having prepared the independent valuation of the Uranium Assets, upon which the Company has relied in determining the value to be attributed to the UAL Shares and in preparing the pro forma balance sheet in Schedule 2 of the Notice of Meeting. In doing so, Northeast Securities Co., Ltd has placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus and have not authorised or caused the issue of this Prospectus or the making of the Offer.

Link Market Services Limited is named as the share registry for the Company and in relation to the Offer. They have not had any involvement in the preparation of this Prospectus or the Notice of Meeting and do not make any statement in this Prospectus. They have not authorised or caused the issue of this Prospectus or the making of the Offer.

Each of the parties referred to in this Section makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

5.2 Consents

Each of GRT Lawyers, Mr Brent Laws and Northeast Securities Co., Ltd have acted as experts and have given, and have not before the lodgement of this Prospectus, withdrawn its consent to the issue of the Prospectus, with the statement (if any) purporting to be made by them, included in the form and context in which it is included (as further described in Section 5.1 above).

Link Market Services Limited has given its written consent to be named as the Share Registry in the form and context in which it is named and has not before the lodgement of this Prospect, withdrawn its consent to the issue of the Prospectus.

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

In accordance with Section 720 of the Corporations Act, each Company Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

A handwritten signature in black ink, appearing to read 'F. Poullas', is positioned above a horizontal line.

Frank Poullas

Chairman

For and on behalf of Magnis Resources Limited

26 February 2016

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) as operator of the Australian Securities Exchange.

ASX Listing Rules means the official Listing Rules of the ASX.

AEDT means Australian Eastern Daylight-saving Time, Brisbane, Australia.

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

Capital Reduction means the equal reduction of capital of the Company proposed to be satisfied by the In Specie Distribution and transfer to Eligible Company Shareholders (in proportion to their holdings of Company Shares) of UAL Shares held by the Company.

Capital Reduction Resolution means Resolution 1 of the Notice of Meeting to be put to Company Shareholders at the General Meeting to approve the Capital Reduction.

Company or Magnis means Magnis Resources Limited (ACN 115 111 763).

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

Company Option means an option to acquire a Company Share.

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

Company Shareholder means a holder of Company Shares.

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

Corporations Act means the Corporations Act 2001(Cth).

Demerger means the demerger of the Uranium Assets as contemplated by the Capital Reduction Resolution and summarised in Section 2.1 of the Explanatory Memorandum.

Eligible Shareholder means a holder of Company Shares as at the Record Date.

Explanatory Memorandum means the explanatory statement accompanying and forming part of the Notice of Meeting.

General Meeting or Meeting means the meeting convened by the Notice of Meeting.

Group means the Company and each of its subsidiaries, and following completion of the Restructure (but prior to the Demerger) will include the UAL Group and following completion of the Demerger will exclude the UAL Group.

In Specie Distribution means, as part of the Demerger, the Capital Reduction by way of in specie distribution of UAL Shares to Company Shareholders for which approval is being sought pursuant to the Capital Reduction Resolution of the Notice of Meeting.

Notice of Meeting means the Notice of General Meeting of the Company dated 26 February 2016 in which the Capital Reduction Resolution is to be considered.

Offer means the offer of UAL Shares pursuant to the Notice of Meeting (a summary of which is contained in Section 2 of this Prospectus).

Prospectus means this short form prospectus prepared in accordance with Section 712 of the Corporations Act and dated 26 February 2016.

Record Date means date for determining Eligible Shareholders in respect of the Offer as specified in the timetable set out in Section 2.2 of the Notice of Meeting (unless extended).

Restructure means the restructure of the Company's Uranium Assets in preparation for the Demerger involving the incorporation of UAL and the Uranium Project Subsidiaries and the transfer of the Uranium Assets from within the Group to those entities, to be held in the manner more particularly described in Section 1.5 and Schedule 3 of the Notice of Meeting, to be

completed on or before 15 April 2016 (being the indicative date on which the Demerger is to be completed).

Schedule means a schedule of the Notice of Meeting, unless otherwise stated.

Section means a section of this Prospectus, the Notice of Meeting or the Corporations Act, as the context requires.

UAL means Uranium Africa Limited (ACN 610 751 052).

UAL Constitution means UAL's constitution at the date of this Prospectus.

UAL Director means a current director of UAL.

UAL Group means UAL and the Uranium Project Subsidiaries.

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

UAL Shareholder means a holder of an UAL Share.

Uranium Assets means the assets more particularly described in Schedule 1 of the Notice of Meeting.

Uranium Project Subsidiaries means each of the following which are currently in the process of being incorporated as part of the Restructure to be completed on or before 15 April 2016 and whose shares are to be wholly owned by UAL:

- (a) a private company limited by shares to be incorporated in Australia which will hold the Uranium Assets comprising the Thatcher Soak Uranium Project; and
- (b) two additional private companies limited by shares to be incorporated in Tanzania to hold the Uranium Assets comprising the Mkuju Uranium Project and the Manyoni Uranium Project respectively.

CORPORATE DIRECTORY

Directors

Frank Poullas (Non-Executive Chairman)
Johann Jacobs (Non-Executive Director)
Peter Tsegas (Non-Executive Director)

Chief Executive Officer

Frank Houllis

Company Secretary

Doug Richardson

Principal & Registered Office

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Facsimile: +61 2 8397 9801

Tanzania Office

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Dar es Salaam
Tanzania

Share Registrar – Australia

Link Market Services Limited
Level 1, 333 Collins Street
Melbourne VIC 3000

Telephone: +1300 554 474
Facsimile: +61 3 9287 0303

Auditors

BDO
Level 11, 1 Margaret Street
Sydney NSW 2000

Telephone: +61 2 9251 4100
Facsimile: +61 2 9240 9821

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