

ASX ANNOUNCEMENT



RELEASE DATE: 22 June 2009

TO: **Manager Companies**
Australian Securities Exchange
Company Announcements Office

CONTACT: **Lexton Graefe (08 9 322 8393)**

RE: **Non-Renounceable Rights Issue**

PAGES: 1 of 31

Shield Mining Limited
ACN 108 267 063

680 Murray Street
West Perth, WA 6005
Tel: +61 (8) 9322 8393
Fax: +61 (8) 9322 5444
Web: www.shieldmining.com
Email: info@shieldmining.com

Dear Sir/ Madam

The Board of Shield Mining Limited (ASX: SHX) wishes to advise that it has today lodged a Prospectus with the Australian Securities and Investments Commission in relation to a non-renounceable rights issue.

We attach herewith a prospectus dated 22 June 2009 for a non-renounceable rights issue to shareholders of up to 17,303,444 fully paid ordinary shares ("Shares") on the basis of 1 new Share for every 3 Shares held, at an issue price of \$0.10 per new Share to raise up to \$1,730,344, and one free unquoted New Option, exercisable at \$0.20 for every new Share issued.

We will lodge immediately hereafter an Appendix 3B in relation to the securities offered under the Prospectus.

The Company will shortly provide details of the Rights Issue timetable, including details of the Record Date and the date of despatch of the Offer Document.

Yours sincerely

A handwritten signature in black ink, appearing to read "L Graefe", written in a cursive style.

Lexton Graefe
Company Secretary

SHIELD MINING LTD

ACN 108 267 063

PROSPECTUS

For a pro-rata non-renounceable rights issue of up to 17,303,444 New Shares on the basis of one New Share for every three Shares held on the Record Date at an issue price \$0.10 per New Share to raise up to \$1,730,344. One free Option will be issued with every New Share issued. Each Option will have an exercise price of \$0.20 and an expiry date of 31 August 2011.

The Rights Issue closes at 5.00pm WST on 5 August 2009.

IMPORTANT NOTICE

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser. Investment in securities offered by this Prospectus should be considered speculative.

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Summary of Important Dates*

Announcement of Rights Issue	22 June 2009
Lodge Prospectus with ASIC	22 June 2009
Shares quoted ex-rights	25 June 2009
Record Date to determine Entitlements	1 July 2009
Opening Date and dispatch of Prospectus	7 July 2009
Closing Date	5 August 2009
Notification to ASX of undersubscriptions	10 August 2009
Allotment of New Shares and free New Options and dispatch of holding statements	13 August 2009

*These dates are indicative only. The Directors reserve the right to vary the key dates, without prior notice and subject to compliance with the Listing Rules.

IMPORTANT NOTICE

Shareholders should read this Prospectus in its entirety and, if in doubt, should consult their professional advisers before deciding whether to accept their Entitlements. Shareholders resident in the United Kingdom are recommended to seek their own personal financial advice immediately from their stockbroker, bank manager, solicitor, accountant, fund manager or should consult a person or other independent adviser duly authorised under the UK Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities before taking any action.

This Prospectus is dated 22 June 2009. A copy of this Prospectus was lodged with the ASIC on 22 June 2009. No responsibility for the contents of this Prospectus is taken by ASIC. No applications for New Shares and free New Options will be accepted nor will New Shares and free New Options be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act 2001 and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult. No person is authorised to give any information or to make any representation in connection with the Rights Issue described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

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 invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus will be issued as an Electronic Prospectus in relation to the Shortfall. The Prospectus will be available on the Company's website at www.shieldmining.com. The offer of New Shares and free New Options comprising the Shortfall pursuant to an Electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. The Corporations Act prohibits any person from passing to another person a Shortfall Application Form unless it is attached to or accompanies the complete and unaltered version of this Prospectus. Prior to the closing date for receipt of Shortfall Applications, as determined by the Directors, any person may obtain a hard copy of this Prospectus by contacting the Company.

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Section 5 of this Prospectus.

UK Notice

The offer of New Shares and free New Options under the Rights Issue is only being made in the United Kingdom to persons who are of a kind described in Article 43(2) (members and creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**").

The offer of New Shares and free New Options to Eligible Shareholders under the Shortfall is only being made in the United Kingdom to persons who are of a kind described in Article 43(2) (members and creditors of certain bodies corporate) of the Order.

The offer of New Shares to persons who are not Eligible Shareholders under the Shortfall is only being made in the United Kingdom to persons who are of a kind described in Article 19 (5) (investment professionals) and Article 49 (high net worth companies, unincorporated associations etc) of the Order.

The content of this document has not been approved by an authorised person for the purposes of section 21 of the FSMA. Any investment to which this document relates is available to (and any investment activity to which it relates will be engaged with) only those persons described above. Persons who do not fall within this category should not take any action upon this document, but should return it immediately.

This document and its contents must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

Any decision regarding any proposed investment in the Company's securities must be made on the basis of public information on the Company. Reliance solely on this communication for the purpose of engaging in investment activities may expose a person to a significant risk of losing all of the property or other assets invested.

The total consideration of the offer under the Rights Issue and offers made by the Company in the United Kingdom in the twelve month period preceding the Closing Date shall be less than €2,500,000 in aggregate. Therefore, in accordance with Section 85 and schedule 11A of the FSMA, this document does not constitute an approved prospectus for the purposes of the Prospectus Rules of the Financial Services Authority ("FSA") in the United Kingdom and contains no offer of transferable securities to the public within the meaning of sections 85 and 102B of FSMA or otherwise. This document has not been, and will not be, approved or examined by or filed with the FSA or by any other authority which could be a competent authority or the purposes of the Prospectus Rules.

US Notice

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold within the United States of America (the "**United States**") except in transactions exempt from such registration. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States.

CORPORATE DIRECTORY

DIRECTORS

Alexander Burns (Non-Executive Chairman)
David G Netherway (Managing Director)
Robert Cornelius (Non-Executive Director)
Schalk van der Merwe (Non-Executive Director)

SECRETARY

Lexton Graefe

REGISTERED OFFICE

680 Murray Street
WEST PERTH WA 6005
AUSTRALIA
Telephone: +61 (8) 9322 8393
Facsimile: +61 (8) 9322 5444
Email: info@shieldmining.com
Website: www.shieldmining.com

AUDITORS

BDO Kendalls Audit & Assurance (WA) Pty Limited
128 Hay Street
SUBIACO WA 6008

SOLICITORS TO THE ISSUE

Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2,
45 St George's Terrace
PERTH WA 6000

Telephone: 1300 557 010 (from within Australia)
+61 (3) 9415 4000 (outside Australia)
Facsimile: +61 (8) 9323 2033

BRIEF INSTRUCTIONS

For Current Shareholders

What You May Do

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. You will also be granted 1 (one) free New Option for every New Share issued to you. You may:

- Accept your Entitlement in full or part; or
- Allow the whole of the Entitlement to lapse.

If You Wish To Take Up All or Part of Your Entitlement

Complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the form. Forward your completed Entitlement and Acceptance Form, together with your cheque for the amount shown on the form or for such lesser amount as you wish to apply for, so as to reach the Company's share registry no later than 5:00pm WST on 5 August 2009.

Entitlements Not Taken Up

If you decide not to accept all or part of your Entitlement pursuant to the Rights Issue, you are not required to take any action. The New Shares and free New Options not accepted will form part of the Shortfall.

Section 1 DETAILS OF THE RIGHTS ISSUE

1.1 Rights Issue

This Prospectus invites Eligible Shareholders to participate in a pro-rata non-renounceable Rights Issue of up to 17,303,444 New Shares and 17,303,444 New Options on the basis of one New Share for every three Shares held on the Record Date at an issue price \$0.10 per New Share to raise up to \$1,730,344. Fractional entitlements will be rounded up to the nearest whole number.

The Rights Issue will raise up to approximately \$1,730,344 (less expenses of the Rights Issue estimated to be \$60,000).

As at the date of this Prospectus, 51,910,333 Shares are on issue.

Existing holders of Options will not be entitled to participate in the Rights Issue (other than in their capacity as Shareholders). However, they may exercise their Options prior to the Record Date if they wish to participate in the Rights Issue.

The Company currently has the following unquoted Options on issue:

Number	Exercise price	Expiry date
3,000,000	\$0.30	30 June 2009
3,000,000	\$0.40	30 June 2011

Accordingly, in the event that all these Options are exercised prior to the Record Date, this Prospectus will also offer to those shareholders a further 2,000,000 New Shares and 2,000,000 free New Options.

1.2 Purpose of the Rights Issue and Use of Funds

The funds raised will be applied towards the following:

- (a) funding the costs of the Rights Issue;
- (b) further exploration work on tenement EL 447 (Tijirit); and;
- (c) possibly further exploration work on tenement EL 236 (Saboussiri).

The application of the \$1,730,344 raised under the Rights Issue is summarised as follows:

Use of Funds	Amount (\$)
Expenses of the Rights Issue	\$60,000
Further Exploration on EL 447	\$1,670,344
TOTAL	\$1,730,344

It is envisaged that all of the funds raised pursuant to this prospectus after meeting the expenses of the Rights Issue will be used to fund further exploration work, including drilling programs on tenement EL 447. There are already sufficient funds on hand to meet the ongoing working capital requirements for the Company. Should the amount

raised pursuant to this Prospectus be greater than the minimum subscription of \$500,000 and less than the maximum subscription of \$1,730,344, the exploration work will be reviewed so that only the highest priority areas on EL 447 are targeted for further exploration work and the other areas will be left for later programs. On the other hand, in the event that not all of the funds are ultimately needed to complete the work on EL 447, then any remaining surplus will be applied to further exploration work of EL 236 or held for future exploration programs or working capital.

1.3 **No Rights Trading**

Entitlements to New Shares pursuant to the Rights Issue are non-renounceable and accordingly, Eligible Shareholders may not dispose of or trade any part of their Entitlement.

1.4 **Minimum Subscription**

The minimum subscription to be raised pursuant to the Rights Issue is \$500,000.

In accordance with the Corporations Act, no New Shares or free New Options will be allotted by the Company until the minimum subscription has been subscribed.

If the minimum subscription is not achieved within four months after the date of this Prospectus, the Company will either repay the application monies to the applicants or issue a supplementary or replacement prospectus and allow applicants one month to withdraw their application and be repaid their application monies.

1.5 **Opening and Closing Dates**

The Rights Issue will open for receipt of acceptances at 9.00am WST on 7 July 2009 and will close at 5.00pm WST on 5 August (except where payment is via BPAY® in which case payment must be made by no later than 4pm WST on 5 August 2009 or such earlier cut off time that your own financial institution may implement with regard to electronic payments), or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 6 Business Days prior to the Closing Date.

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1.6 **Underwriting**

The Rights Issue is not underwritten therefore no brokerage or stamp duty will be payable by investors in relation to underwriting.

1.7 **Entitlements and Acceptance**

The number of New Shares to which you are entitled is shown in the accompanying Entitlement and Acceptance Form.

In determining entitlements, any fractional entitlement will be rounded up to the nearest whole number.

Acceptance of Entitlement in Full

If you are an Eligible Shareholder and wish to take up **all** of your Entitlement under the Rights Issue, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form.

Partial Acceptance of Entitlement

If you are an Eligible Shareholder and wish to take up **part** of your Entitlement pursuant to the Rights Issue, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form and insert the number of New Shares for which you wish to accept the Offer (being less than your Entitlement as specified on the Entitlement and Acceptance Form).

Acceptance of Terms

All applications for New Shares and free New Options must be made on the Entitlement and Acceptance Form. Any application will be treated as an offer from the applicant to acquire New Shares and free New Options on the terms and conditions set out in the Prospectus. The Directors reserve the right to reject any applications for New Shares and free New Options.

Please ensure the completed Entitlement and Acceptance Form and your cheque is received by the Company's Share Registry at:

By Delivery: Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St George's Terrace PERTH WA 6000 AUSTRALIA	By Post: Computershare Investor Services Pty Ltd GPO Box D182 PERTH WA 6840 AUSTRALIA
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not later than 5.00pm WST on 5 August 2009 or such later date as the Directors advise. Cheques should be made payable to "**Shield Mining Ltd – Rights Issue Account**" and crossed "Not Negotiable".

Please note that payment via BPAY must be made by no later than 4pm WST on 5 August 2009. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

Non-Acceptance of Entitlement

If you do not wish to take up any part of your Entitlement under the Rights Issue, you are not required to take any action. If you decide not to accept all or part of your Entitlement, the New Shares and free New Options not accepted will be dealt with in accordance with Section 1.8.

Enquiries

If you have any queries regarding your Entitlement, please contact Computershare by telephone on 1300 557 010 or your stockbroker or professional adviser.

1.8 Rights Issue Shortfall

The Directors reserve the right to separately place any New Shares and free New Options which are not taken up by Eligible Shareholders under the Rights Issue within 3 months after the Closing Date. Those New Shares will be issued at the same issue price as offered to Eligible Shareholders under the Rights Issue and free New Options will be granted on the same basis as under the Rights Issue.

An application to participate in any Shortfall may be made by an Eligible Shareholder, a person invited to participate by the Directors and who is entitled to participate under the laws of all relevant jurisdictions which apply to them, or any member of the public in Australia or New Zealand. The Directors may not themselves participate in any Shortfall.

The offer of any Shortfall is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the Closing Date.

If you wish to participate in any Shortfall that may arise under the Rights Issue you should complete the section titled "Number of additional Shares applied for" in the Entitlement and Acceptance Form.

It is intended that priority will be given to Eligible Shareholders when dealing with Shortfall Applications.

The Directors do not guarantee that any Shortfall Application will be successful (whether in whole, in part or at all). In the event a Shortfall Application is not accepted (whether in whole or in part) monies in relation to the New Shares and free New Options applied for and not allocated will be refunded in full without interest at the applicant's sole risk as soon as practicable after the decision not to accept the Shortfall Application (whether in whole or in part) is made.

The Company may at its discretion pay up to a 5.5% commission to brokers on any Shortfall Application received, in particular in respect of applications bearing a broker stamp of a member organisation of the ASX, provided the Shortfall Application is accepted by the Directors and New Shares and free New Options are subsequently allotted. The payment of the commission will be made within 30 days after acceptance by the Company of a Shortfall Application.

1.9 Issue and Allotment of New Shares

The New Shares and free New Options are expected to be issued and allotted by no later than 13 August 2009. Until issue and allotment of the New Shares and free New Options under this Prospectus, the acceptance money will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the acceptance money will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the New Shares and free Options takes place.

1.10 **ASX Listing**

The Company will make application to ASX within 7 days following the date of this Prospectus for official quotation of the New Shares to be offered pursuant to this Prospectus.

If approval is not granted by ASX within 3 months after the date of this Prospectus, the Company will not allot or issue any New Shares and will repay all application monies as soon as practicable, without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the New Shares now offered for subscription.

The New Options will be unlisted.

1.11 **No Issue of New Shares after 13 months**

No New Shares and free New Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

1.12 **Overseas Investors**

The Company is of the view that it is unreasonable to make an offer under this Prospectus to Eligible Shareholders outside of Australia, New Zealand, United Kingdom, United States, Qatar and Mauritania having regard to:

- (a) the number of Eligible Shareholders registered outside of Australia, New Zealand, United Kingdom, United States, Qatar and Mauritania;
- (b) the number and value of the securities to be offered to Eligible Shareholders registered outside of Australia, New Zealand, United Kingdom, United States, Qatar and Mauritania; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to make offers under the Prospectus to Eligible Shareholders registered outside of Australia, New Zealand, United Kingdom, United States, Qatar and Mauritania.

The offer of the Shortfall pursuant to an Electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. For persons outside Australia, an application for Shortfall may only be made pursuant to a hard copy of the Prospectus. Prior to the closing date for receipt of Shortfall Applications, as determined by the Directors, any person may obtain a hard copy of this Prospectus by contacting the Company.

This Rights Issue is not being made in the United States. Consequently the offer of New Shares and free New Options under the Rights Issue have not been and will not be registered under the 1933 Act. Accordingly, the Company is not making offers

under the Prospectus to Eligible Shareholders in or whose addresses of record are in the United States (“**US Residents**”) subject to the exception described below.

Notwithstanding the foregoing, US Residents who establish to the satisfaction of the Company that the receipt of the New Shares and free New Options under the Rights Issue will not be in violation of the laws of the United States will be allowed to participate in the Rights Issue.

Overseas shareholders should contact Computershare on +613 9415 4000 to confirm payment arrangements.

1.13 Market Prices of Shares on ASX

The highest and lowest closing market sale prices of Shares on ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were 20.5 cents on 17, 18 and 19 June 2009 and 4 cents on 23, 24, 27, 28, 29, 30 April 2009 and 1, 4 and 5 May 2009. The latest available market sale price of Shares on ASX immediately before the date of issue of this Prospectus was \$0.205 on 19 June 2009.

1.14 Privacy Act

The Company collects information about each application from an Application Form for the purposes of processing the application and, if the application is successful, to administer the applicant's security holding in the Company.

By submitting an Application Form, each applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), the ASX, the ASIC and other regulatory authorities.

If an applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

Section 2 EFFECT OF THE RIGHTS ISSUE ON THE COMPANY

2.1 Principal Effects

The principal effects of the Rights Issue (assuming full subscription) are:

- (a) the Company's cash funds will increase by up to \$1,730,344 less expenses of the Rights Issue, which are estimated to be approximately \$60,000; and
- (b) the total number of Shares on issue will be 69,213,777 (assuming no Options currently on issue are exercised). Assuming all Options currently on issue are exercised, a further 2,000,000 New Shares (and 2,000,000 free New Options) will be offered pursuant to this Prospectus.

2.2 Capital Structure

The pro-forma capital structure of the Company following the Rights Issue and assuming full subscription pursuant to this Prospectus is set out below:

Issued Capital	Number
Existing Shares	51,910,333
Maximum number of New Shares to be issued pursuant to this Prospectus (assuming no Options exercised)*	17,303,444
Shares after this Rights Issue	69,213,777
Maximum number of New Options to be issued pursuant to this Prospectus (assuming no Options exercised)	17,303,444

* Note: If all Options currently on issue are exercised, a further 2,000,000 New Shares and 2,000,000 free New Options will be offered pursuant to this Prospectus.

The Company also has the following unquoted Options on issue:

Number	Exercise Price	Expiry Date
3,000,000	\$0.30	30 June 2009
3,000,000	\$0.40	30 June 2011

2.3 Consolidated Balance Sheet

Set out as follows is an unaudited pro forma Consolidated Balance Sheet as at 31 May 2009 adjusted to reflect:

- the Rights Issue of 17,303,444 New Shares and 17,303,444 free New Options to raise \$1,730,344; and
- the costs of the Rights Issue of \$60,000.

Balance Sheet
Pro-forma Reflecting Proposed Rights Issue

	Unaudited Accounts as at 31 May 2009 \$	Adjustment for Rights Issue	Pro-Forma Consolidated Post Issue \$
CURRENT ASSETS			
Cash and cash equivalents	2,575,870	1,730,344	4,306,214
Trade and other receivables	87,114		87,114
Others	4,221		4,221
TOTAL CURRENT ASSETS	2,667,205	1,730,344	4,397,549
NON-CURRENT ASSETS			
Property, plant and equipment	708,004		708,004
Capitalised exploration expenditure	635,413		635,413
TOTAL NON-CURRENT ASSETS	1,343,417		1,343,417
TOTAL ASSETS	4,010,623	1,730,344	5,740,967
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	406,858	60,000	466,858
Provisions	94,651		94,651
TOTAL CURRENT LIABILITIES	501,510	60,000	561,510
TOTAL LIABILITIES	501,510	60,000	561,510
NET ASSETS	3,509,113	1,670,344	5,179,457
EQUITY			
Issued capital	12,022,105	1,670,344	13,692,449
Reserves	391,438		391,438
Accumulated losses	(8,904,430)		(8,904,430)
TOTAL EQUITY	3,509,113	1,670,344	5,179,457

Notes to the pro-forma consolidated balance sheet:

1. The Pro Forma Balance Sheet includes \$1,730,344 (less Rights Issue costs of \$60,000 received by virtue of the Rights Issue).
2. No existing Options are exercised prior to the Record Date for this Rights Issue. If all Options are exercised after the Record Date (but excluding New Options issued pursuant to this Prospectus), cash will increase by a further \$2,100,000 and contributed capital would increase by a similar amount.
3. No account is taken of any transactions between 31 May 2009 and the date of this Prospectus. The Pro Forma reflects only the transactions the subject of this Prospectus.

Section 3 RISK FACTORS

3.1 Introduction

This Section identifies the areas the Directors regard as the major risks associated with participation in the Rights Issue. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for New Shares and free New Options.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business and its involvement in the exploration and mining industry. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the proposed business of the Company. The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

3.2 General Risks

Factors such as inflation, interest rates, levels of tax, taxation law and accounting practices, government legislation or intervention, natural disasters, social upheaval, and war may have an impact on prices, operating costs and market conditions generally. Accordingly, the Company's future possible revenue and operations can be affected by these factors, which are beyond the control of the Company.

General movements in local and international stock markets, and economic conditions could all affect the market price of the Company's shares.

3.3 Exploration Success

The mineral tenements of the Company as described in this Prospectus 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 the project areas described in this Prospectus, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

3.4 Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted 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.

3.5 **Resource Estimates**

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

3.6 **Economic Factors**

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. The Company's future possible revenues and share price can be affected by these factors which are beyond the control of the company and its Directors.

3.7 **Government Policy Changes**

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

At present, Shield Mining is not aware of any reviews or changes that would affect its tenements. However, changes in community attitudes on matters such as taxation and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's exploration plans or its rights and obligations in respect of its tenements. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by Shield Mining.

3.8 **Commodity Price Volatility and Exchange Rate Risks**

If Shield Mining achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of Shield Mining. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

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

3.9 **Environmental Risks**

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

3.10 **Sovereign Risk**

The Company is conducting its exploration and development activities primarily in Mauritania. There is no assurance that future political and economic conditions in this country will not result in the government adopting policies precluding foreign development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both the Company's ability to undertake exploration and development activities in respect of future properties in the manner currently contemplated, as well as its ability to continue to explore and develop those properties in respect of which it has obtained exploration and development rights to date. The possibility that a future government may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out. There can be no assurance that the government of Mauritania will not impose measures that could have material adverse effects on the Company's operations or will renew or issue new exploration or exploitation licenses to the Company.

3.11 **Title Risk**

Although the Company has obtained legal advice with respect to its Mauritanian properties, there is no guarantee that title to such properties will not be challenged or impugned. The properties may be subject to prior unregistered agreements or transfers or land claims and title may be affected by undetected defects.

There is no guarantee that the exploration licenses granted by the government of Mauritania in connection with the properties will be renewed upon their termination. In addition, according to the terms and conditions of its exploration licenses and agreements with other parties relating to some of its properties, the Company undertook certain obligations with respect to the exploration activities to be conducted on these properties. If the Company does not meet its obligations, it may lose its interests in the properties.

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

3.12 **Legal Risk**

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its shares. In addition there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.

Mauritania, and other countries in which the Company might operate in the future may have a less developed legal system than more established economies which could result in risks such as effective legal redress in the local courts being more difficult to obtain; a higher degree of discretion on the part of governmental authorities; the lack of judicial or administrative guidance on interpreting applicable rules and regulations; inconsistencies or conflicts between and within various laws; or relative inexperience of the judiciary and courts.

3.13 **Stock Market Conditions**

Stock market conditions may affect the listed shares regardless of the operating performance. Stock market conditions are affected by many factors such as:

- general economic outlook;
- movements in, or outlook on, interest rates and inflation rates;
- currency fluctuations;
- commodity prices;
- changes in investor sentiment towards particular market sectors; and
- the demand for, and supply of, capital.

Investors should recognise that once the Shares are listed on ASX, the price of the Shares may fall as well as rise. Many factors outside the operations of the Company will affect the price of the Shares including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally. In addition, recent world events have affected the price of shares in various sectors. Such events are unpredictable and their impact on the individual companies or markets is beyond the control of the Company.

3.14 **Unforeseen Expenditure Risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

3.15 **Additional Financing Requirements**

The Directors expect that the proceeds of the public capital raising will provide sufficient capital resources to enable the Company to achieve its initial business

objectives. However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or further capital raisings and if such borrowings or capital raisings are required, that they can be obtained on terms favourable to the Company.

3.16 Uninsured Loss and Liability

The Directors expect that the proceeds of the public capital raising will provide sufficient capital resources to enable the Company to achieve its initial business objectives. However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or further capital raisings and if such borrowings or capital raisings are required, that they can be obtained on terms favourable to the Company.

3.17 Joint Venture Parties, Agents and Contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

3.18 Speculative Nature of Investment

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

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

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares and free New Options in the Company.

Section 4 ADDITIONAL INFORMATION

4.1 Legal Framework of this Prospectus

The Company is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules of ASX which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its Shares.

4.2 Applicability of Corporations Act

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are quoted enhanced disclosure ("ED") securities or options to acquire securities which are quoted as ED securities and the securities are in a class of securities or underlie a class of securities that were quoted ED securities at all times in the 3 months before the issue of this Prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 3 months before the issue of this Prospectus.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

The New Shares and the Shares underlying the New Options to be issued under this Prospectus are in respect of a class of Shares that were continuously quoted securities at all times in the 3 months before the issue of this Prospectus.

4.3 Information Available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the Annual Financial Report of the Company for the year ending 30 June 2008;
- (b) the Half-Year Financial Report of the Company for the half-year ending 31 December 2008; and
- (c) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the year ending 30 June 2008 and before the issue of this Prospectus:

Date	Description of Announcement
15 June 2009	Shield's Presentation
9 June 2009	Interpretation of Tijirit Drilling Results
15 May 2009	Maiden Drilling Results for Shield's Tijirit Gold Prospect
13 May 2009	Change in Substantial Holding from LST
4 May 2009	Tijirit Program Result Due by End of May
28 April 2009	Quarterly Report and Appendix 5B – 31 March 2009
15 April 2009	Maiden Drilling Contract for Tijirit Gold Project
1 April 2009	Company Secretary Appointment/Resignation
13 March 2009	Shield's Dec 08 Interim Financial Report
3 March 2009	Form 604 – Notice of Change of Interests of Holder
25 February 2009	Latest Trench Results at Tijirit Gold Prospect, Mauritania
28 January 2009	December 08 Quarterly Report and Appendix 5B
13 January 2009	Cancellation of Unlisted Options
10 December 2008	Significant Trench Result at Tijirit
14 November 2008	Results of 2008 Annual General Meeting
14 November 2008	Shield's 2008 AGM Presentation
12 November 2008	Enhanced Gold Results in West Africa
24 October 2008	Sept 08 Quarterly Report and Appendix 5B
7 October 2008	Notice of Annual General Meeting/Proxy Form
30 September 2008	Appendix 3B

4.4 **Rights Attaching to New Shares**

The New Shares to be issued pursuant to this Prospectus will rank equally in all respects with existing Shares in the Company. Full details of the rights attaching to the Company's Shares are set out in its Constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the rights which attach to the Company's existing Shares:

(a) **Voting**

Subject to any restriction on voting imposed due to a breach of the Listing Rules relating to restricted shares or any escrow agreement entered into by the Company and a member, every holder of shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of shares who is present in person or by proxy, attorney or representative has one vote for every share held by him or her, but, in respect of partly-paid shares, shall have a fraction of a vote for each partly-paid share.

A poll may be demanded before or immediately upon the declaration of the result of the show of hands by the chairperson of the meeting, by any five shareholders present in person or by proxy, attorney or representative, or by any one or more shareholders who are together entitled to not less than 5% of

the total voting rights of all those shareholders having the right to vote on the resolution.

(b) **Dividends**

Dividends are payable out of the Company's profits and are declared by the Directors. Dividends declared will (subject to the rights of any preference shareholders and to the right of the holders of any shares created or raised under any special arrangement as to dividend) be payable on the shares in accordance with the Corporations Act.

(c) **Transfer of Shares**

A shareholder may transfer shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors may refuse to register any transfer of shares, other than a market transfer, where permitted by the Listing Rules or the ASTC Settlement Rules. The Company must not refuse to register or give effect to or delay or in any way interfere with a proper ASTC transfer of shares.

(d) **Meetings and Notice**

Each shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution of the Company, the Corporations Act or the Listing Rules.

(e) **Winding Up**

The Company has only issued one class of shares, which all rank equally in the event of liquidation. A liquidator may, with the authority of a special resolution of shareholders 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. The liquidator can with the sanction of a special resolution of the Company's shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other shares in respect of which there is any liability.

(f) **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.

(g) **Alteration to the Constitution**

The constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(h) **ASX Listing Rules**

If the Company is admitted to the Official List, notwithstanding anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

4.5 **Rights attaching to Options**

Each Option will entitle the holder to subscribe for a Share in the Company on the following terms:

- (a) Each Option entitles the holder to subscribe for one Share in the Company at an exercise price of \$0.20.
- (b) The Options will lapse at 5.00pm (WST) on 31 August 2011 ("**Expiry Date**").
- (c) The Options are transferable.
- (d) There are no participating rights or entitlements inherent in the Options and holders of Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
- (e) However optionholders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 6 business days before books closing date to exercise the Options.
- (f) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (g) The Options shall be exercisable at any time from the date of grant to the Expiry Date ("**Exercise Period**"). The optionholder may exercise the Options by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the optionholder to exercise all or a specified

number of Options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the Shares. An exercise of only some Options shall not affect the rights of the optionholder to the balance of the Options held by him.

- (h) The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 10 business days of exercise of the Options.
- (i) The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
- (j) There are no rights to change the exercise price or the number of underlying Shares.

4.6 Interest of Directors

Directors' Holdings

At the date of this Prospectus the relevant interests of each of the Directors in the Shares and Options of the Company are as follows:

Directors	Shares		Options	
	Direct	Indirect	Direct	Indirect
Alexander Burns	1,200,042	2,733,196 ⁽¹⁾		625,000 ⁽²⁾ 625,000 ⁽³⁾
David Netherway		3,813,561 ⁽⁴⁾	625,000 ⁽⁵⁾ 625,000 ⁽⁶⁾	
Schalk van der Merwe			625,000 ⁽⁷⁾ 625,000 ⁽⁸⁾	
Robert Cornelius	440,000		125,000 ⁽⁹⁾ 125,000 ⁽¹⁰⁾	

Notes:

- (1) 1,800,000 Shares are held by the Rose-Burns Super Fund of which Mr Burns is a trustee. 550,000 Shares are held by the ASLI Trust of which Mr Burns is the trustee and a beneficiary. 347,521 Shares are held by Ritley Holdings Pty Ltd, a company in which Mr Burns is a shareholder and director. 35,675 Shares are held Mr Burns' spouse, Elizabeth Burns.
- (2) 625,000 Options, each with an exercise price of \$0.30 and expiring 30 June 2009, are held by the ASLI Trust of which Mr Burns is the trustee and a beneficiary.
- (3) 625,000 Options, each with an exercise price of \$0.40 and expiring 30 June 2011, are held by the ASLI Trust of which Mr Burns is the trustee and a beneficiary.
- (4) Mr Netherway holds all 3,813,561 Shares through a nominee company
- (5) 625,000 Options, each with an exercise price of \$0.30 and expiring 30 June 2009.
- (6) 625,000 Options, each with an exercise price of \$0.40 and expiring 30 June 2011.
- (7) 625,000 Options, each with an exercise price of \$0.30 and expiring 30 June 2009.
- (8) 625,000 Options, each with an exercise price of \$0.40 and expiring 30 June 2011.
- (9) 125,000 Options, each with an exercise price of \$0.30 and expiring 30 June 2009.
- (10) 125,000 Options, each with an exercise price of \$0.40 and expiring 30 June 2011.

Remuneration of Directors

Details of remuneration provided to Directors and their associated entities during the past two financial years are as follows:

Financial year up to 30 June 2008			
Director	Directors' Fees/Salaries \$	Other Remuneration \$	Total \$
Alexander Burns	50,000	4,500	54,500
David Netherway	259,384	nil	259,384
Schalk van der Merwe	21,800	nil	21,800
Robert Cornelius	20,000	1,800	21,800

Financial Year up to 30 June 2009			
Director	Directors' Fees/Salaries \$	Other Remuneration \$	Total \$
Alexander Burns	43,750	3,938	47,688
David Netherway	238,160	nil	238,160
Schalk van der Merwe	19,075	nil	19,075
Robert Cornelius	17,500	1,575	19,075

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Rights Issue.

4.7 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those

persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, 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 Rights Issue; or
- the Rights Issue.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Rights Issue.

- BDO Kendalls Audit & Assurance (WA) Pty Ltd as the auditors to the Company. They have provided audit services to the Company during the last two years for which the Company has paid or will pay fees totalling approximately \$71,800.
- Blakiston & Crabb have acted as solicitors to the Company in relation to this Prospectus. In respect of their work on this Prospectus, the Company will pay approximately \$15,000 for these professional services. Blakiston & Crabb have provided other professional services to the Company during the last two years for which the Company has paid or will pay fees totalling approximately \$9,246.
- Computershare Investor Services Pty Ltd is the Company's share registry and has provided share registry services to the Company during the last two years amounting to approximately \$23,100.

The amounts disclosed above are exclusive of any amount of GST payable by the Company in respect of those amounts.

4.8 **Expenses of the Rights Issue**

The approximate expenses of the Rights Issue are \$60,000. These expenses are payable by the Company.

4.9 **Consents**

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty

Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Each of the parties referred to in this Section 4.9:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 4.9; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 4.9.

Each of the following has consented to being named in this Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

- (a) BDO Kendalls Audit & Assurance (WA) Pty Ltd as the auditors of the Company; and
- (b) Blakiston & Crabb as solicitors to the Rights Issue;

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

4.10 **Electronic Prospectus**

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with the ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. The Company is relying on this exemption in relation to the offer of Shortfall.

The offer pursuant to an Electronic Prospectus is only available for applications for the Shortfall and to persons receiving an electronic version of this Prospectus within Australia.

If you have received this Prospectus as an Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the shortfall application form. If you have not, please email the Company at info@shieldmining.com and the Company will send to you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept a shortfall application form from a person if it has reason to believe that when that person was given access to the electronic shortfall application form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those

document were incomplete or altered. In such a case, the application monies will be dealt with in accordance with section 722 of the Corporations Act.

Section 5 **DEFINED TERMS**

"\$" means an Australian dollar;

"**Application Form**" means the Entitlement and Acceptance Form;

"**ASIC**" means the Australian Securities & Investments Commission;

"**ASX**" means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Business Day**" means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day;

"**Closing Date**" means 5.00pm WST on 5 August;

"**Company**" or "**Shield Mining**" means Shield Mining Ltd ABN 62 108 267 063;

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Directors**" means the directors of the Company;

"**Electronic Prospectus**" means an electronic version of the Prospectus;

"**Eligible Shareholder**" is a shareholder of the Company whose details appear on the Company's register of shareholders as at the Record Date;

"**Entitlement**" means the entitlement of an Eligible Shareholder to participate in the Rights Issue, as shown on the Entitlement and Acceptance Form;

"**Entitlement and Acceptance Form**" means the entitlement and acceptance form accompanying this Prospectus;

"**GST**" means any tax, import or other duty raised on the supply of goods and services and imposed by the Commonwealth or a State or Territory of Australia;

"**Listing Rules**" means the Listing Rules of ASX;

"**New Option**" means a free Option offered pursuant to the Rights Issue on the terms in Section 4.5;

"**New Share**" means a share offered pursuant to the Rights Issue on the terms in Section 4.4;

"**Offer**" means an offer of securities pursuant to this Prospectus;

"**Option**" means an option to acquire one Share;

"**Prospectus**" means this prospectus dated 22 June 2009 and includes the Electronic Prospectus;

"**Record Date**" means 5.00 p.m. WST on 1 July 2009;

"Rights Issue" means the issue pursuant to the Prospectus of a pro-rata non renounceable rights issue of approximately 17,303,444 New Shares and 17,303,444 New Options on the basis of one New Share for every three Shares held on the Record Date of 1 July 2009 at an issue price \$0.10 per New Share and one free New Option (each with an exercise price of \$0.20 and an expiry date of 31 August 2011) for every one New Share issued, to raise approximately \$1,730,344;

"Share" means an ordinary fully paid share in the capital of the Company;

"Shortfall" means the New Shares and free New Options forming Entitlements, or parts of Entitlements, not accepted by Eligible Shareholders;

"Shortfall Application" means applications for the Shortfall; and

"WST" means Western Standard Time.

Section 6 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of New Shares and free New Options pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 22 June 2009



Alexander Burns
Chairman