

**RMG LIMITED**

**ABN 51 065 832 377**

---

## **ENTITLEMENT ISSUE PROSPECTUS**

---

For a pro rata non-renounceable entitlement issue of one (1) Share for every six (6) shares held by Shareholders at an issue price of 0.4 cents per Share to raise approximately \$391,504 (before expenses) (**Entitlement Issue**).

The Entitlement Issue is underwritten by Forrest Capital Pty Ltd. Refer to Section 8.2 for details regarding the terms of the Underwriting Agreement.

### **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

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

---

## TABLE OF CONTENTS

---

1.	SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES .....	2
2.	CORPORATE DIRECTORY .....	4
3.	LETTER FROM THE DIRECTORS .....	5
4.	DETAILS OF THE OFFER.....	6
5.	PURPOSE AND EFFECT OF THE OFFER.....	10
6.	RIGHTS AND LIABILITIES ATTACHING TO THE SHARES.....	13
7.	RISK FACTORS .....	16
8.	ADDITIONAL INFORMATION .....	20
9.	AUTHORITY OF DIRECTORS.....	31
10.	DEFINITIONS .....	32

---

## 1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

### TIMETABLE AND IMPORTANT DATES\*

Lodgement of Prospectus and Appendix 3B with ASIC	21 September 2010
Notice sent to Shareholders	23 September 2010
Ex Date	27 September 2010
Record Date for determining Shareholder entitlements	1 October 2010
Prospectus despatched to Shareholders	6 October 2010
Closing Date of Offer	21 October 2010
Despatch date/Shares entered into shareholders security holdings	29 October 2010

\* These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases, without notifying you. You are encouraged to submit your application as soon as possible. Any extension of the Closing Date will have a consequential effect on the date of the issue of the Shares. The Offer does not require the approval of Shareholders.

### IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 21 September 2010 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.

The expiry date of this Prospectus is 20 October 2011 (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies 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 so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been given to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

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 of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

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.

The Offer to New Zealand investors 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 the 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 Securities Commission, 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 whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in the Prospectus at Section 4.8, the Company will apply to the ASX for quotation of the Shares offered under this Prospectus. If quotation is granted, the Shares offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

## **ELECTRONIC PROSPECTUS**

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

---

## 2. CORPORATE DIRECTORY

### Directors

Mr Gary Steinepreis  
Mr John Risinger  
Mr Mark Stevenson

### Underwriter

Forrest Capital Pty Ltd  
19 Dalgety Street  
EAST FREMANTLE WA 6158

### Company Secretary

Mr Gary Steinepreis

### Share Registry\*

Computershare Investor Services Pty  
Limited  
Level 2  
45 St Georges Terrace  
PERTH WA 6000

Telephone: 1300 850 505

### Registered Office

Unit 8, 88 Forrest Street  
COTTESLOE WA 6011

### Solicitors

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

### General Enquiries:

Telephone: (08) 9467 2049  
Facsimile: (08) 9286 2900

### Auditor\*

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

\*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

---

### 3. LETTER FROM THE DIRECTORS

Dear Shareholder

The Board is pleased to offer Shareholders the opportunity to participate in a one (1) for six (6) non-renounceable rights issue of Shares to raise up to approximately \$391,504 (before expenses) (**Entitlement Issue**).

All Shareholders registered as at 3.00pm (WST) on 1 October 2010 will be entitled to participate in the Entitlement Issue. The price payable on application for each Share is 0.4 cents.

The Closing Date for acceptances of the Offer is 3.00pm (WST) on 21 October 2010.

The Entitlement Issue is fully underwritten by Forrest Capital and any Shares not taken up by Shareholders pursuant to the Entitlement Issue will be allocated to the Underwriter. The underwriting of the Entitlement Issue is on standard terms and conditions. A summary of the material terms of the underwriting agreement is set out in Section 8.2 of this Prospectus.

The table set out in Section 8.4 summarises the Directors' interests in Securities at the date of this Prospectus.

The Offer will provide the Company with funds for exploration project costs, project review work on new opportunities, working capital and the expenses of the Offer. However, an investment in the Company is not without risk. Please refer to Section 7 for a summary of the risk factors relevant to the Company.

The Board takes this opportunity to thank all Shareholders for their past support and looks forward to your continued support in the future.

Yours faithfully

A handwritten signature in black ink that reads "G Steinepreis". The signature is written in a cursive style with a large, looped initial "G".

**Gary Steinepreis**  
**On behalf of the Directors**

---

## 4. DETAILS OF THE OFFER

### 4.1 Offer

By this Prospectus, the Company offers for subscription approximately 97,876,227 Shares pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of one (1) Share for every six (6) Shares held on the Record Date at an issue price of 0.4 cents per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of Shares to be issued pursuant to the Offer is approximately 97,876,227. The Offer will raise approximately \$391,504 (before expenses). The purpose of the Offer and the use of funds raised are set out in Section 5 of this Prospectus.

Holders of existing Options will not be entitled to participate in the Offer. The Company currently has 8,750,000 Options on issue as at the date of this Prospectus, which Options may be exercised by the Option holder prior to the Record Date in order to participate in the Offer.

### 4.2 How to Accept the Offer

Your acceptance of the Entitlement Issue must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement. Applications for the Shortfall should be made on the Shortfall Application Form (refer to Section 4.5 below for further information on the Shortfall Offer).

You may participate in the Entitlement Issue as follows:

(a) if you wish to accept your Entitlement in full:

complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and

attach your cheque for the amount indicated on the Entitlement and Acceptance Form or pay via Bpay by following the instructions set out on the Entitlement and Acceptance Form; or

(b) if you only wish to accept part of your Entitlement:

fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and

attach your cheque for the appropriate application monies (at 0.4 cents per Share) or pay via Bpay by following the instructions set out on the Entitlement and Acceptance Form; or

(c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**RMG Limited – Entitlement Offer Account**" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must reach the Share Registry no later than 3.00pm WST on the Closing Date. Alternatively, Applicants may pay via BPAY by following the instructions set out on the Entitlement and Acceptance Form (Applicants should ensure they include their reference number if paying by BPAY).

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

#### **4.3 Minimum Subscription**

The minimum subscription in respect of the Offer is \$391,504 (being the full subscription).

#### **4.4 Underwriting**

The Offer is fully underwritten by Forrest Capital.

Refer to Section 8.2 of this Prospectus for further details of the terms of the underwriting. The potential effect of the underwriting on the Company is set out in Section 8.3 of this Prospectus.

#### **4.5 Shortfall Offer**

Any Entitlement not taken up pursuant to the Offer will form the Shortfall and will be dealt with in accordance with the Underwriting Agreement. Accordingly, Shareholders should not apply for the Shortfall unless directed to do so by the Underwriter.

The offer of any Shortfall Shares is a separate offer made pursuant to this Prospectus and will remain open after the Closing Date. The issue price of any Shortfall Shares shall be 0.4 cents being the price and terms at which the Entitlement has been offered to Shareholders pursuant to this Prospectus.

#### **4.6 Entitlement and Acceptance Form and Shortfall Application Forms are binding**

A completed and lodged Entitlement and Acceptance Form or Shortfall Application Form, together with the application monies for the number of Securities applied for, cannot be withdrawn and constitutes a binding application for the number of Securities specified in the Entitlement and Acceptance Form or Shortfall Application Form on the terms set out in this Prospectus. The Entitlement and Acceptance Form and Shortfall Application Form do not need to be signed to be binding.

If the Entitlement and Acceptance or Shortfall Application Form is not completed correctly, the Company, in its absolute discretion, can reject it or treat it as valid. The Company's decision as to whether to accept or reject an Entitlement and Acceptance Form or Shortfall Application Form or how to construe, amend or complete it is final.

#### **4.7 Rights and Liabilities Attaching to Shares Issued Under the Offers**

All Shares issued pursuant to the Offer will, from the time they are issued, rank pari passu with all the Company's existing Shares. The rights and liabilities attaching to Shares issued under the Offer are set out in Section 6 of this Prospectus.



#### **4.8 ASX Listing**

Application for official quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of this Prospectus, (or such period as modified by the ASIC), the Company will deal with all applications in accordance with the Corporations Act.

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

#### **4.9 Allotment of Shares**

Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Shares on the basis of a Shareholder's Entitlement. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

#### **4.10 Overseas Shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

#### **4.11 Taxation Implications**

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Securities offered pursuant to this Prospectus.

#### **4.12 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **4.13 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

#### **4.14 Withdrawal of Offer**

The Company, in consultation with the Underwriter, reserves the right not to proceed with the Offer at any time before the issue of the Securities to Qualifying Shareholders. If the Offer does not proceed, the Company will return all application monies, without interest, as soon as practicable after giving notice of its withdrawal.

#### **4.15 Enquiries**

Shareholders with queries in relation to the Offer may contact the Company Secretary, Gary Steinepreis, on +61 8 9467 2049.

---

## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$391,504 (before expenses). The proceeds of the Offer are planned to be used in accordance with the table set out below:

<b>Proceeds of the Offer</b>	<b>\$</b>
Exploration project costs	150,000
Project review work on new opportunities (yet to be identified)	100,000
Working capital	101,504
Expenses of the offer	40,000
<b>Total</b>	<b>391,504</b>

#### Notes:

1. Refer to Section 8.7 of this Prospectus for further details relating to the estimated expenses of the Offer.
2. The Company wishes to confirm that the amount of \$100,000 will be allocated to the identification and evaluation of new mineral resource opportunities in Australia and overseas. This process of identification and evaluation will include all types of minerals. Furthermore opportunities in all possible jurisdictions will be considered save those where the level of sovereign risk is considered by the Company to be too great.

### 5.2 Effect of the Offer and Pro Forma Consolidated Balance Sheet

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$351,504 immediately after completion of the Offer after deducting the estimated expenses of the Offer; and
- (b) increase the number of Shares on issue from 587,257,365, to approximately 685,133,592 Shares following completion of the Offer; and

### 5.3 Consolidated Balance Sheet

The audited Balance Sheet as at 30 June 2010 and the unaudited Pro Forma Balance Sheet as at 30 June 2010 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Shares pursuant to the Offer in this Prospectus are issued.

The Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

## Consolidated Balance Sheet and Pro Forma Balance Sheet as at 30 June 2010

	Notes	Proforma Unaudited Consolidated 2010 \$	Audited Consolidated 2010 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	1,914,377	1,277,873
Other receivables		37,524	37,524
<b>Total current assets</b>		<b>1,951,901</b>	<b>1,315,397</b>
<b>Non-Current assets</b>			
Exploration and evaluation expenditure		665,662	665,662
<b>Total non-current assets</b>		<b>665,662</b>	<b>665,662</b>
<b>Total assets</b>		<b>2,617,563</b>	<b>1,981,059</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		70,552	70,552
<b>Total current liabilities</b>		<b>70,552</b>	<b>70,552</b>
<b>Total liabilities</b>		<b>70,552</b>	<b>70,552</b>
<b>Net assets</b>		<b>2,547,011</b>	<b>1,910,507</b>
<b>EQUITY</b>			
Contributed equity	2	133,408,877	132,772,373
Reserves		127,700	127,700
Accumulated losses		(130,989,566)	(130,989,566)
<b>Total equity</b>		<b>2,547,011</b>	<b>1,910,507</b>

### Notes to the Pro-forma Balance Sheet

The pro-forma balance sheet has been prepared to reflect the financial position of the Company as if completion of the Offer had occurred at 30 June 2010.

#### Note 1:

Cash and cash equivalents	
Opening balance – audited 30 June 2010	1,277,873
Placement completed on 13 September 2010	300,000
Less: costs of placement	(15,000)
Entitlement issue pursuant to this Prospectus	391,504
Less: costs of the entitlement issue	(40,000)
Proforma balance	<u>1,914,377</u>

**Note 2:**

Contributed equity	
Opening balance – audited 30 June 2010	132,772,373
Placement completed on 13 September 2010	300,000
Less: costs of placement	(15,000)
Entitlement issue pursuant to this Prospectus	391,504
Less: costs of the entitlement issue	<u>(40,000)</u>
Proforma balance	<u>133,408,877</u>

**Effect on Capital Structure**

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed.

**Shares**

	<b>Number</b>
Shares on issue at date of Prospectus	587,257,365
Shares offered pursuant to the Offer	97,876,227
<b>Total Shares on issue after completion of the Offer</b>	<b>685,133,592</b>

**Options**

	<b>Number</b>
Unlisted exercisable at \$0.05 on or before 30 June 2012	8,750,000
Options offered pursuant to the Offer	Nil
<b>Total Options on issue after completion of the Offer<sup>1</sup></b>	<b>8,750,000</b>

**Notes:**

1. 8,750,000 of these Options may be exercised by the Option holders prior to the Record Date in order to participate in the Entitlement Issue.

---

## 6. RIGHTS AND LIABILITIES ATTACHING TO THE SHARES

### 6.1 Terms of Shares

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### (a) General Meetings

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

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

#### (b) Voting Rights

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

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

#### (c) Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the

Company shall be conclusive. No dividend shall carry interest as against the Company.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(f) Future Increase in Capital

The allotment and issue of any Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(g) Variation of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## 6.2 Terms of Options

The terms and conditions of the 8,750,000 options are as follows:

- (a) each option entitles the holder, when exercised, to one (1) share;
- (b) the exercise price of the options is \$0.05 each exercisable on or before 30 June 2012;

- (c) subject to the Corporations Act 2001, the Constitution and the ASX Listing Rules, the options are fully transferable;
- (d) the options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of options, accompanied by an option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the options held does not affect the holder's right to exercise the balance of any options remaining;
- (e) all shares issued upon exercise of the options will rank pari passu in all respects with the Company's then issued shares. The options will be unlisted however the Company reserves the right to apply for quotation at a later date;
- (f) there are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, option holders will be notified of the proposed issue at least seven (7) business days before the record date of any proposed issue. This will give option holders the opportunity to exercise the options prior to the date for determining entitlements to participate in any such issue;
- (g) if at any time the issued capital of the Company is reorganised, the rights of an option holder are to be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation; and
- (h) in the event the Company makes a pro rata issue of securities, the exercise price of the options will change in accordance with the formula set out in ASX Listing Rule 6.22.2.



---

## **7. RISK FACTORS**

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares and Options.

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

### **7.1 Exploration Success**

The Tenements 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 Tenements, 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.

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

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Tenements, a reduction in the cash reserves of the Company and possible relinquishment of the Tenements.

The exploration budget of the Company is based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

### **7.2 Contract and Access Risk**

The Company's access to the Tenements is affected by the following:

- (a) landholder and pastoralist approvals; and
- (b) native title rights and the terms of native title agreements.

While the Company intends to do those things necessary to minimise these risks, it cannot guarantee that the access it has to tenements in which it has an interest will remain unfettered in the future.

### **7.3 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.

### **7.4 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.

### **7.5 Commodity Price Volatility and Exchange Rate Risks**

If the Company 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 the Company. 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.

### **7.6 Environmental Risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations 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.

In this regard, the Department of Primary Industries and Resources of South Australia (PIRSA), from time to time, reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

## **7.7 Title Risk and Native Title**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

The Tenements extend over areas in which legitimate common law native title rights of indigenous Australians exist. The ability of the Company to gain access to its Tenements and to conduct exploration, development and mining operations remains subject to native title rights and the terms of registered native title agreements.

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

## **7.8 Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

## **7.9 Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

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

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

## **7.10 Market Conditions**

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors

warrant the future performance of the Company or any return on an investment in the Company.

#### **7.11 Government Policy Changes**

Actions or policy changes by governments in relation to access to lands and infrastructure, compliance with environmental regulations, taxation, royalties and subsidies may adversely affect the Company's operations and financial performance.

#### **7.12 Status of Tenements**

The Tenements have recently been renewed. The Company cannot guarantee that the granted exploration licences will be renewed beyond their current expiry date.

#### **7.13 Insurance Risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

#### **7.14 Competition Risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

#### **7.15 Reliance of Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

#### **7.16 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

---

## **8. ADDITIONAL INFORMATION**

### **8.1 Continuous Disclosure Obligations**

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

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

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 30 June 2010 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for

the year ended 30 June 2010 lodged with ASIC before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2010 audited financial statements:

<b>Date</b>	<b>Description of Announcement</b>
20/09/2010	Becoming a substantial holder
13/09/2010	Appendix 3B
13/09/2010	Placement and Entitlement Issue

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

## **8.2 Underwriting Agreement**

Pursuant to an agreement between Forrest Capital Pty Ltd (**Underwriter**) and the Company (**Underwriting Agreement**), the Underwriter agreed to fully underwrite the Offer for 97,876,227 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 5% exclusive of GST of the amount raised pursuant to the Offer.

The Underwriting Agreement is conditional upon the Underwriter being satisfied with the form of this Prospectus and the Company lodging this Prospectus with ASIC.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may by notice in writing to the Company terminate its obligations under the Underwriting Agreement if:

- (a) (**Prospectus**): any of the following occurs in relation to the Prospectus:
  - (i) the Underwriter reasonably forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;
  - (ii) ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or

- (iii) any person other than the Underwriter who consented to being named in the Prospectus withdraws that consent;
- (b) **(Supplementary Prospectus)**: the Underwriter reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC under section 719 or section 724 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Underwriter;
- (c) **(No Official Quotation)**: official quotation has not been granted by the date by which the Company must give the Underwriter written notice of the shortfall shares or, having been granted, is subsequently withdrawn, withheld or qualified;
- (d) **(Restriction on allotment)**: the Company is prevented from allotting the Offer Shares within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (e) **(ASIC or other prosecution)**: ASIC gives notice of any deficiency in the Offer or related documents or ASIC gives notice of an intention to hold a hearing, examination or investigation, or it requires information to be disclosed in connection with the Offer or the Company;
- (f) **(Takeovers Panel)**: the takeovers panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the takeovers panel;
- (g) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel, Kazakhstan or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (h) **(Authorisation)**: any authorisation which is material to anything referred to in the Offer or the terms of this Underwriting Agreement is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (i) **(Indictable offence)**: a director or a senior manager of a relevant company is charged with an indictable offence;
- (j) **(Termination Events)**: in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a termination event has or is likely to have, or two or more termination events together have or are likely to have a material adverse affect on the Company, any of the following events occurs:
  - (i) **(Default)**: default or breach by the Company under this Underwriting Agreement of any terms, condition, covenant or undertaking;

- (ii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in this Underwriting Agreement is or becomes untrue or incorrect;
- (iii) **(Contravention of constitution or Act):** a contravention by a relevant company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (iv) **(Adverse change):** an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of this Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any relevant company including, without limitation, if any forecast disclosed to ASX prior to the date of this Underwriting Agreement becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (v) **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Share purchase issue;
- (vi) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any relevant company is or becomes misleading or deceptive or likely to mislead or deceive;
- (vii) **(Official Quotation qualified):** the official quotation is qualified or conditional other than as set out in the definition of "official quotation" (as that term is used in the Listing Rules);
- (viii) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (ix) **(Prescribed Occurrence):** a Prescribed Occurrence occurs;
- (x) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (xi) **(Event of Insolvency):** an event of insolvency occurs in respect of a relevant company;
- (xii) **(Judgment against a Relevant Company):** a judgment in an amount exceeding \$25,000 is obtained against a relevant company and is not set aside or satisfied within 7 days;
- (xiii) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of this Underwriting Agreement commenced or threatened against any relevant company,



other than any claims disclosed to the Underwriter in writing prior to the date of this Underwriting Agreement;

- (xiv) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before completion without the prior written consent of the Underwriter;
- (xv) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a relevant company or a takeover offer or scheme of arrangement pursuant to Chapters 5 or 6 of the Corporations Act is publicly announced in relation to a relevant company;
- (xvi) **(Timetable)**: there is a delay in any specified date in the timetable which is greater than 3 Business Days;
- (xvii) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xviii) **(Certain resolutions passed)**: a relevant company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xix) **(Capital Structure)**: any relevant company alters its capital structure in any manner not contemplated by the Offer;
- (xx) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a related company;
- (xxi) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets;
- (xxii) **(Sub-underwriters)**: any of the Company sub-underwriters that are introduced by the Company do not comply with their obligations under the sub-underwriting agreements or threaten to not comply with their respective obligations under the sub-underwriting agreements; or
- (xxiii) **(Suspension)**: the Company is removed from the official list or the Shares become suspended from official quotation and that suspension is not lifted within 24 hours following such suspension.

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

### 8.3 Disclosure of Underwriting on Voting Power

As set out above, the Offer is fully underwritten by the Underwriter.

To comply with the requirement to fully disclose the Underwriter's potential voting power in the Company and the effect of the underwriting by the Underwriter, the table below sets out various scenarios to indicate the effect on the Company's shareholding depending on the Shortfall (if any). The potential maximum increase in the voting power of the Underwriter is set out below (100% Shortfall) and will only occur if no Shareholders take up their Entitlement under the Offer.

As detailed in Section 8.5, as at the date of this Prospectus, the Underwriter does not currently have a relevant interest in any Securities and therefore will not have any Entitlement under the Offer.

<b>Event</b>	<b>Number of Shares held by the Underwriter</b>	<b>Voting power of the Underwriter in the Company</b>
Underwriter holding as at the date of the Prospectus	Nil	Nil
After issue of Shares to the Underwriter assuming 100% Shortfall	97,876,227	14.29%
After issue of Shares to the Underwriter assuming 75% Shortfall	73,407,170	10.71%
After issue of Shares to the Underwriter assuming 50% Shortfall	48,938,113	7.14%
After issue of Shares to the Underwriter assuming 25% Shortfall	24,469,056	3.57%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up their Entitlement under this Offer. The underwriting obligation of the Underwriter, and therefore voting power of the Underwriter, will reduce by a corresponding amount for the amount of Entitlements taken up by other Shareholders. In addition, the future pattern of shareholding of the Company will change depending on the take up of Entitlements of the other Shareholders.

Shareholders should note that, as stated above, as at the date of this Prospectus, the Underwriter does not currently have a relevant interest in any Securities in its own right however, Kim Hogan, a director of the Underwriter, through his private company JK Nominees Pty Ltd (**JKN**), is a holder of 25,000,000 Shares. In the event the Underwriter and JKN are deemed to be associates, the greatest potential voting power of the Underwriter in conjunction with the Shares held by Kim Hogan through JKN, as a result of the Offer would be:

<b>Event</b>	<b>Number of Shares held by the Underwriter</b>	<b>Number of Shares held by JKN</b>	<b>Number of Shares held by the Underwriter and JKN</b>	<b>Voting power of the Underwriter in the Company</b>
Holding as at the date	Nil	25,000,000	25,000,000	4.26%

of the Prospectus				
After issue of Shares to the Underwriter assuming 100% Shortfall	97,876,227	25,000,000	122,876,227	17.93%
After issue of Shares to the Underwriter assuming 75% Shortfall	73,407,170	25,000,000	98,407,170	14.36%
After issue of Shares to the Underwriter assuming 50% Shortfall	48,938,113	25,000,000	73,938,113	10.79%
After issue of Shares to the Underwriter assuming 25% Shortfall	24,469,056	25,000,000	49,469,056	7.22%

Furthermore, Tom Henderson is an officer of the Underwriter and, through his private company, Tisia Nominees Pty Ltd (**TNPL**), is a holder of 36,069,399 Shares. In the event the Underwriter, JKN and TNPL are deemed to be associates, the greatest potential voting power of the Underwriter in conjunction with the Shares held by Kim Hogan through JKN and Tom Henderson through TNPL, (assuming they take up 100% of their Entitlement) as a result of the Offer would be:

<b>Event</b>	<b>Number of Shares held by the Underwriter</b>	<b>Number of Shares held by JKN and TNPL</b>	<b>Number of Shares held by the Underwriter, JKN and TNPL</b>	<b>Total voting power of the Underwriter in the Company</b>
Holding as at the date of the Prospectus	Nil	61,069,399	61,069,399	8.91%
After issue of Shares to the Underwriter assuming 100% Shortfall	97,876,227	61,069,399	158,945,626	23.20%
After issue of Shares to the Underwriter assuming 75% Shortfall	73,407,170	61,069,399	134,476,569	19.63%
After issue of Shares to the Underwriter assuming 50% Shortfall	48,938,113	61,069,399	110,007,512	16.06%
After issue of Shares to the Underwriter assuming 25% Shortfall	24,469,056	61,069,399	85,538,455	12.48%

## 8.4 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

Directors' interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options	Entitlement <sup>5</sup>
Gary Steinepreis	23,763,498 <sup>1</sup>	Nil	3,960,583
John Risinger	15,000,000 <sup>2</sup>	1,750,000 <sup>2</sup>	2,500,000
Mark Stevenson	60,600,000 <sup>3</sup>	7,000,000 <sup>4</sup>	10,100,000

### Notes:

1. Held by Jaqueline Mary Steinepreis (2,000,307), Oakhurst Enterprises Pty Ltd (16,763,491) and LeisureWest Consulting Pty Ltd as trustee for the LeisureWest Trust (5,000,000).
2. All held by Larca Pty Ltd.
3. Held by Mark Stevenson (600,000) and Holloman Minerals Pty Ltd (60,000,000).
4. All Options are held by Holloman Minerals Pty Ltd.
5. Each of the Directors has indicated that it is their present intention to subscribe for part of their Entitlement under the Offer.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

If any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for the remuneration provided in the form of directors' fees.

The table below sets out the expected annual remuneration payable to the Directors for the current financial year, inclusive of directors' fees and consultancy fees.

<b>Director</b>	<b>Current Financial Year</b>
Gary Steinepreis	\$36,000
John Risinger	\$166,800
Mark Stevenson	\$36,000

The Company paid to the Directors a total of \$228,000 for the year ended 30 June 2010 and \$255,000 for the year ended 30 June 2009. The Directors have been paid fees totalling \$41,700 from the end of the previous financial year until the date of this Prospectus.

The Board of the Company has been advised by Gary Steinepreis that ASIC has been enquiring into possible infringements of Section 1309(1) of the Corporations Act involving him. The Board has also been advised that Gary Steinepreis understands that no view has been formed by ASIC and that the matter is at a preliminary stage.

## **8.5 Interests and Consents of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, 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 this Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, 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 this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Forrest Capital has given and has not withdrawn its consent to being named as Underwriter to the Offer in the Corporate Directory of this Prospectus in the form and context in which it is

named. Forrest Capital has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Forrest Capital will be paid an underwriting fee of approximately \$19,575. In the past two years, Forrest Capital has been paid no fees by the Company but has an accrued fee of \$15,000 due and payable from the recent placement.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$7,500 for services in relation to this Prospectus. In the past two years, Steinepreis Paganin has been paid a total of approximately \$250 by the Company.

Pursuant to Section 716 of the Corporations Act, BDO Audit (WA) Pty Ltd has given and has not withdrawn its consent to being named as Auditor to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. BDO Audit (WA) Pty Ltd has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

## **8.6 Legal Proceedings**

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

## **8.7 Estimated Expenses of Offer**

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,068
ASX fees	2,738
Underwriting fees	19,575
Legal fees	7,500
Printing and other expenses	8,119
<b>Total</b>	<b>40,000</b>

## **8.8 Market Price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.009 on 13 September 2010

Lowest: \$0.006 on 29 July 2010.

The latest available closing sale price of the Company's Shares on ASX prior to

the lodgement of this Prospectus with the ASIC was \$0.007 on 20 September 2010.

## **8.9 Electronic Prospectus**

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus, or both.

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

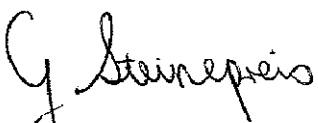
---

**9. AUTHORITY OF DIRECTORS**

**9.1 Directors' Consent**

Each of the Directors of RMG Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act

Dated the 21<sup>st</sup> day of September 2010

---

**Gary Steinepreis**  
**Director**  
**For and on behalf of**  
**RMG LIMITED**



---

## 10. DEFINITIONS

**Applicant** means a Shareholder who applies for Securities pursuant to the Offer.

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

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHES.

**ASX** means the ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires).

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

**Business Day** means a day on which trading takes place on the stock market of ASX.

**Closing Date** means the closing date of the Offer, being 3.00pm (WST) on 21 October 2010 (unless extended).

**Company** means RMG Limited (ABN 51 065 832 377).

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

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

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

**Dollar** or "\$" means Australian dollars.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement Issue** means the issue of Shares offered by this Prospectus.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Listing Rules** or **ASX Listing Rules** means the Listing Rules of the ASX.

**Offer** means the non-renounceable entitlement offer pursuant to this Prospectus of one (1) Share for every six (6) shares held by a Shareholder on the Record Date to raise \$391,504 (before expenses).

**Official List** means the official list of ASX.

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

**Prescribed Occurrence** means the following:

- (a) a relevant company converting all or any of its shares into a larger or smaller number of shares;
- (b) a relevant company resolving to reduce its share capital in any way;
- (c) a relevant company:
  - (i) entering into a buy-back agreement; or

- (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (d) a relevant company making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of this Underwriting Agreement;
- (e) a relevant company issuing, or agreeing to issue, convertible notes;
- (f) a relevant company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a relevant company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a relevant company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a relevant company;
- (j) the making of an order by a court for the winding up of a relevant company;
- (k) an administrator of a relevant company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a relevant company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a relevant company.

**Prospectus** means this prospectus.

**Qualifying Shareholders** means all Shareholders at 3.00pm (WST) on the Record Date whose registered addresses are in Australia and New Zealand.

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

**Record Date** means 3.00pm (WST) on 1 October 2010.

**Related Corporation** has the meaning given to that term in the Corporations Act.

**Securities** means Shares and/or Options.

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

**Shareholder** means a shareholder of the Company.

**Share Registry** means Advanced Share Registry Services.

**Shortfall** means those Securities under the Offer not applied for by Shareholders under their Entitlement.

**Shortfall Application Form** means the shortfall application form attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer as described in Section 4.5.

**Tenements** means the 100% owned exploration licences EL3812 – Mt Coffin and EL3813 – Wearing Gorge, located in South Australia.

**Underwriter** or **Forrest Capital** means Forrest Capital Pty Ltd trading as “Forrest Capital” (ABN 59 118 115 834).

**WST** means Western Standard Time.