

ALEATOR ENERGY LIMITED
ACN 063 074 635

PROSPECTUS

For the offer 10,000 fully paid ordinary Shares in the capital of the Company at an issue price of \$0.06 cent per Share to raise up to approximately \$60 (before expenses).

This Prospectus has been prepared primarily for the for the purpose of Section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

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

The Shares offered under this Prospectus should be considered speculative.

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1. SUMMARY OF IMPORTANT DATES, IMPORTANT NOTES AND RISK FACTORS

1.1 Timetable and important dates*

Action	Date
Lodgement of Prospectus with the ASIC and ASX	31 October 2013
Opening Date	31 October 2013
Closing Date	5:00pm WST on 1 November 2013

*The Company reserves the right to extend the Closing Date or close the Offer early without notice, in its absolute discretion.

1.2 Important Notes

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisers. The Shares the subject of this Prospectus should be considered highly speculative.

This Prospectus is dated 31 October 2013 (**Prospectus**) 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 the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Shares will be allotted or issued on the basis of this Prospectus after the expiry date.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the 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.

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

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. 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.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

1.3 Company Specific Risk Factors

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

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

The Shares offered by this Prospectus should be considered speculative. The Shares offered by this Prospectus carry no guarantee whatsoever with respect to return on capital investment, payment of dividends or the future value of the Shares. 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 subscribe for Shares. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to apply for Shares.

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 hydrocarbon / on-shore oil and natural gas exploration and extraction 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 may materially affect the financial performance of the Company and the market price of the Shares and Shares, and which potential investors need to be aware of.

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in Section 6 of this Prospectus.

Availability of Debt Financing

As previously announced to ASX, the Company has entered into two financing agreements with:

- (a) Mr Klaus Weil to provide a loan of EUR5 million to the Company which is intended to be utilised to contract and mobilise the drilling rig and service providers, complete procurement and provide working capital in Ukraine; and
- (b) Gres Holding Limited (Gres) to provide a loan of up to US\$20 million to the Company which is intended to be utilised to drill the much anticipated first well in the Company's Povorotnoye gas and condensate field in Ukraine (Well).

As at the date of this Prospectus, draw down on the Gres facility remains subject to the Company maintaining a net available cash of \$1,500,000 at the time of the first draw down.

Should the above condition not be satisfied, the Company will not be able to draw down on the Gres facility and this would materially adversely affect its

ability to finance drilling of the Well. In this circumstance, the Company would need to seek alternate financing (debt or equity) and it is not known whether the Company would be able to secure finance on favourable terms or at all.

These loans are critical to the Company's ability to finance the Well.

Changes in Legislation and Government Regulation

Changes to legislation or government policy in the Ukraine, Australia and the United States, including changes to the taxation system, may affect future earnings and the relative attractiveness of investing in the Company.

Foreign Exchange Risk

The Company has business undertakings based in the United States and Ukraine. As a result, revenues, cash flows, expenses, capital expenditure and commitments will be primarily denominated in United States dollars and Ukrainian hryvnia.

To comply with Australian reporting requirements, the income, expenditure and cash flows from the Company's interest in its US and Ukrainian properties will need to be accounted for in Australian dollars. This will result in the income, expenditure and cash flows of the Company being exposed to the fluctuations and volatility of the price of oil and gas and the exchange rates, as determined in international markets.

Gas Price Volatility

The demand for, and price of, natural gas is dependent on a variety of factors, including supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic political developments.

Risks Associated with operating in Ukraine

The Company has a significant project located in Ukraine and the Company is subject to the risks associated with operating in that country. Such risks can include economic, social, or political instability or change, hyperinflation, currency non convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over mineral properties or government regulations.

Changes to Ukraine's fiscal regime for oil and gas companies or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability.

Ukraine Legal Environment

Ukraine's legal system is less developed than more established countries and this could result in the following risks:

- (a) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;

- (b) a higher degree of discretion held by various government officials or agencies;
- (c) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- (d) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (e) relative inexperience of the judiciary and court in matters affecting the Company.

Hydrocarbon Reserves and Resource Estimates

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

Environmental Risks

The Company will be subject to environmental laws and regulations in connection with operations it may pursue in the oil and gas industry. Such operations are currently in the United States and Ukraine. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether laws and regulations would materially increase the Company's cost of doing business or affect its operations in any area.

Insurance

Insurance against all risks associated with oil and gas production is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs. However, it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

Operating Risks

The operations of the Company may be affected by various factors, including failure to achieve predicted well production flow rates, operational and technical difficulties encountered in production, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown,

unanticipated reservoir problems which may affect field production performance, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Transport and infrastructure risk

The Company's drilling and production activities may be impaired due to inadequate state infrastructure in Ukraine. The deterioration of the state gas and oil pipeline in Ukraine could disrupt the transportation of goods and supplies and interrupt business operations. In general, Ukraine's physical infrastructure, including power generation and transmissions stations, communication systems and road network largely dates back to Soviet times and are relatively poor in comparison with other developed countries. The Ukrainian Government has been implementing plans to develop Ukraine's rail, electricity and telephone systems which may result in increased charges or tariffs while failing to generate sufficient funding to repair, maintain or improve these systems. The failures to maintain adequate transport may have a material adverse effect on the Company's business, results of operations or financial condition.

Drilling contract risks

Oil and gas development and exploration activities are dependent on the availability of drilling rigs and related equipment and the provision of third party services in the particular area where such activities will be conducted. Such equipment and services may be in short supply and may not be readily available at the times and places required. Demand for limited equipment such as drilling rigs may affect the availability of such equipment to the Company and may delay its development and exploration activities. Failure by the Company to secure necessary equipment could adversely affect the Company's business, results of operations or financial condition. The failure of a third party provider, or supplier, to perform its contractual obligations, or an inability to achieve a commercially viable contract with a third party provider or supplier would have material adverse impact on the Company's business, the results of operations or financial operation.

Energy demand from Ukraine

Although Ukraine's economic outlook has stabilised significantly over recent years, there can be no assurance that anticipated levels of growth in its economy or its energy requirements will in fact materialise. Should its economy fail to grow, then demand for energy and accordingly oil and gas may not continue to increase in accordance with projected growth rates or may decline. In such circumstances, the Company may need to find alternative markets for certain of its future oil and gas developments. Such markets may not be available or it may decline. Even if such markets are available, the costs of accessing such alternative markets may be much higher. Any of these factors may have a material adverse effect on the Company's business, results of operations or financial condition.

Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. The Company may require further financing in the future. 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, the Company may be required to

reduce the scope of its operations and scale back its exploration programmes as the case may be.

Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complimentary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in Section 6 of this Prospectus before deciding whether to apply for Shares pursuant to this Prospectus.

2. CORPORATE DIRECTORY

Directors and Management

Lewis Cross

Non-executive Chairman

Gennady Varitsky

Non-executive Director

Mark Rowbottom

Non-executive Director

Wal Muir

Chief Executive Officer

Registered Office

Unit 18
40 St Quentin Avenue
CLAREMONT WA 6010

Telephone: + 61 8 9385 0700

Facsimile: +61 8 9385 4400

Email:

info@aleatorenergy.com.au

Website:

<http://www.aleatorenergy.com.au>

Solicitors

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

ASX Code

Shares: AWD

Listed options: AWDO

3. DETAILS OF THE OFFER

3.1 Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for 10,000 Shares at an issue price of \$0.006 per Share payable in full on application.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date.

Relevantly, Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

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

3.2 Opening and Closing Dates of the Offer

The Opening Date of the Offer will be 31 October 2013 and the Closing Date will be 1 November 2013 at 5:00pm WST.

The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

3.3 Application for Shares

Applications for Shares must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.006 per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered to the Company as follows:

Delivery by hand	Delivery by post
Unit 18 40 St Quentin Avenue CLAREMONT WA 6010	PO Box 216 CLAREMONT WA 6910

Cheques should be made payable to “**Aleator Energy Limited – Share Offer Account**” and crossed “**Not Negotiable**”. Completed Application Forms and cheques must reach the address set out above by no later than the Closing Date.

3.4 Minimum subscription

There is no minimum subscription in respect of the Offer.

3.5 Allotment of Shares

Allotment of Shares will take place as soon as practicable after the Closing Date. Application moneys will be held in a separate subscription account until allotment. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place and each Applicant waives the right to claim any interest.

The Directors will determine the allottees of all the Shares. The Directors reserve the right to reject any application or to allocate any Applicant fewer Shares than the number applied for.

Where the number of Shares allotted is less than the number applied for, the surplus moneys will be returned by cheque as soon as practicable after the Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

3.6 Underwriter

The Offer is not underwritten.

3.7 ASX Listing

Application for Official Quotation 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 the Prospectus (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application moneys for the Shares within the time prescribed under the Corporations Act, without interest.

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 Shares now offered for subscription.

3.8 Restrictions on the Distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

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.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.9 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES for those investors who 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 separate statements (similar to a bank account statement) that set 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.

3.10 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder or Optionholder (as applicable), facilitate distribution payments and corporate communications to you as a Shareholder or Optionholder (as applicable) 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 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. UPDATE ON ACTIVITIES, PURPOSE AND EFFECT OF THE OFFER

4.1 Update on Activities

The Povorotnoye Gas Field is located on the Kerch Peninsula in the region of Crimea, Ukraine, where the Company has an initial 61.2% beneficial interest in the project. Operational management of the field is conducted under a Joint Activity Agreement with the license holder.

The licence area covers some 104 km² with productive sands estimated at more than 5,000 acres. The discovery well (POV-1) in the Povorotnoye oil and gas field flowed gas at a stabilised flow rate of 5.1 mmcf/gpd with some condensate through a 20/64" choke with a shut-in surface pressure of 5,100 psi. The gas is from the M-3 sandstone reservoir (gross thickness 18m) at a depth of 3,900m where the formation pressure is 11,000 psi.

The second well (POV-2) had a gas flow estimated to be 17 mmcf/gpd during a loss of well control, probably from the same M-3 reservoir and, in other wells in the field, this reservoir is logged to have a gross thickness of up to 50m.

Aleator's recent focus has been to secure funding for the planned Pov-105 well on this highly prospective gas and condensate appraisal/production project. The Company announced in March 2013 that it has signed a binding preliminary agreement with Gres Holdings Ltd for a loan funding amount of US\$20 million. The Company has also announced in October 2013 a loan facility with Mr Klaus Weil for EUR5 million and a US based fund for \$500,000. Both of these facilities will be applied to the drilling program and the completion of the Gres Holding loan, as well as working capital.

Meanwhile, work has continued in Ukraine with procurement receivables being stored in the local subsidiary's warehouse. In addition to the work being done in procurement of materials and drilling services, the Pov-105 drill site preparations are complete, which includes the installation of concrete slabs as a base for the rig, construction of the cellar and setting of the liner. Other construction works completed are associated with facilities such as water storage, fluid containment and mixing of drilling mud.

The POV 105 well is designed to twin the initial discovery well POV-1, which flowed at a stabilised rate of 5.1 mmcf/gpd. POV-105 will be engineered and electric logged to investigate and test the primary objective - the known deep gas reservoirs. The well will also investigate the secondary objectives - the 700m of gas shows at about 3,000m depth, as well as the shallow oil prospectivity which has been recognised on the well logs from the existing wells. The well is planned to spud in the middle of 2013 (subject to securing an appropriate drill rig) and to take approximately 60 to days to drill and run electric logs, with production casing and testing programmes to follow.

Current Ukraine gas prices stand between US\$11 - 12 per mcf. Gas which is produced can be tied into local infrastructure with a relatively short connecting pipeline, with nearby processing facilities having ample spare capacity.

4.2 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company pursuant to the Placement prior to the Closing Date (including prior to the date of this Prospectus).

Prior to lodgement of this Prospectus with the ASIC, the Company completed the issue of 11,578,130 Shares to a US based fund as part of a debt raising facility for \$500,000 (**Share Issue**). Due to the fact that the Company's shares have been suspended from trading for more than five trading days in the last 12 months, the Company is unable to rely on the exception set out in Section 708A(5) of the Corporations Act to issue a 'cleansing statement'. As a result, the Company needs to rely on the exception set out in Section 708A(11) of the Corporations Act to allow the Shares issued under the Share Issue to be secondary traded without restriction.

Please refer to Section 3.1 of this Prospectus for further details.

4.3 Effect of the Offer on capital structure

The effect of the Offer on the Company's capital structure is set out below.

Shares	Number
Shares currently on issue	1,665,769,734
Shares issued under the Share Issue ¹	11,578,130
Shares offered under this Prospectus	10,000
Total Shares on issue on completion of the Offer and Share Issue	178,165,103
Listed Options	Number
Listed Options exercisable at \$0.02 on or before 31 January 2015 currently on issue	1,319,075,939
Listed Options offered under this Prospectus	Nil

4.4 Financial effect of the Offer

Set out as follows is an unaudited pro-forma consolidated balance sheet of the Company and its controlled entities as at 30 June 2013 based on the audited balance sheet of the Company and its controlled entities as at 30 June 2013 and adjusted to reflect:

- the issue of 10,000 shares at \$0.006 to raise \$60 less costs of \$8,000. The expenses of the Offer exceeding \$60 will be met from the Company's existing cash reserves;
- the receipt of AUD\$500,000 under the debt raising facility with a US based fund; and
- the issue of 11,578,130 shares of value AUD\$68,542 to a US based fund as part of a debt raising facility for \$Nil consideration

Audited Consolidated Pro-forma Balance Sheet

	Audit Reviewed Consolidated as at 30 June 2013	Unaudited Proforma consolidated as at 30 June 2013
CURRENT ASSETS		
Cash and cash equivalents	690,691	1,182,751
Receivables	612,459	612,459
Other assets	16,453	16,453
TOTAL CURRENT ASSETS	1,319,603	1,811,663
NON-CURRENT ASSETS		
Receivables	557,306	557,306
Plant and equipment	133,034	133,034
Deferred exploration and evaluation expenditure	65,561,124	65,561,124
TOTAL NON-CURRENT ASSETS	66,251,464	66,251,464
TOTAL ASSETS	67,571,067	68,063,127
CURRENT LIABILITIES		
Payables	757,365	1,257,365
Provisions	21,943	21,943
TOTAL CURRENT LIABILITIES	779,308	1,279,308
TOTAL LIABILITIES	779,308	1,279,308
NET ASSETS	66,791,759	66,783,819
EQUITY		
Issued capital	81,745,962	81,806,564
Reserves	706,966	706,966
Accumulated losses	(15,813,763)	(15,882,305)
Parent entity interest	66,639,165	66,631,225
Non-controlling interest	152,594	152,594
TOTAL EQUITY	66,791,759	66,783,819

5. RIGHTS AND LIABILITIES ATTACHING TO 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 Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) **Meetings and Notices**

Each Shareholder is entitled to receive notices of and to attend and vote at all general meetings of the Company. The failure of a Shareholder to receive a notice of a general meeting does not invalidate the proceedings, or any resolution passed at, any such general meeting. No business may be transacted at any meeting of Shareholders unless a quorum is present comprising two Shareholders present in person, by proxy, attorney or representative. Shareholders may attend a general meeting at which the Shareholder is entitled to be present in person, by proxy, by attorney or, in the case of a Shareholder which is a body corporate, by a corporate representative.

(b) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares whether by the terms of their issue, the Constitution, the Corporations Act or the ASX Listing Rules, at a general meeting of the Company every Shareholder present in person or by a representative, proxy or attorney has one vote on a show of hands and every such Shareholder present in person or by a representative, proxy or attorney has one vote per fully paid Share on a poll.

Where there are two or more joint holders of the Shares and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy, representative or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of Shareholders.

(c) **Dividend Rights**

Subject to and in accordance with the Corporations Act, the Listing Rules and any rights or restrictions attaching to a class of shares, the Directors may from time to time decide to pay a dividend to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares. No dividend shall carry interest as against the Company.

The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the

discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(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 a value as the liquidator considers fair upon any property to be so decided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. No member is obliged to accept any Shares, securities or other assets in respect of which there is any liability. The liquidator may, with the authority of a special resolution, vest the whole or any part of any 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.

Subject to the rights of Shareholders (if any) entitled to Shares with special rights in a winding-up and the Corporations Act all monies and property that are to be distributed among Shareholders on a winding-up, shall be distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid-up on the Shares.

(e) **Transfer of Shares**

Subject to the Constitution, Shareholders may transfer one or more Shares they hold by:

- (i) an ASX Settlement Transfer ;
- (ii) an instrument of transfer in compliance with the Constitution; or
- (iii) any other method introduced by ASX or operated in accordance with the ASX Settlement Operating Rules or Listing Rules and in any such case recognised under the Corporations Act.

The Company may decline to register a transfer of Shares (other than an ASX Settlement Transfer) where the ASX Listing Rules permit or require the Company to do so. If the Directors decline to register a transfer, the Company must, within 5 Business Days after the transfer is delivered to the Company, give the transferee and the lodging broker (if any) written notice of the refusal and the reason for refusal in accordance with the Listing Rule.

(f) **Future Issues**

Subject to the Constitution, the Corporations Act and the ASX Listing Rules, the Directors may allot, issue or grant options over, or otherwise deal with the unissued shares in the Company at the times and on the terms and conditions that the Directors think proper and a share may be issued with preferential, deferred, qualified or special rights, privileges or conditions or restrictions.

(g) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution (that is, a resolution that has been passed by at least three-quarters of the votes cast by shareholders entitled to vote on the resolution). While the Company is listed, at least 28 days written notice of the special resolution must be given.

(h) **Variation of Rights**

The Company may only modify or vary the rights attaching to any Shares with the prior approval by a special resolution passed at a separate meeting of the holders of shares of that class or with the written consent of the holders of at least three-quarters of the issued Shares of the affected class. Any variation of rights under this clause 5(g) shall be subject to Part 2F.2 of Chapter 2F of the Corporations Act.

(i) **Reduction of Capital**

Subject to the Corporations Act and the Listing Rules, the Company may reduce its share capital in any way including, but not limited to, distributing to shareholders securities of any other body corporate and, on behalf of the shareholders, consenting to each shareholder becoming a member of that body corporate and agreeing to be bound by the constitution of that body corporate.

(j) **Directors**

The minimum number of Directors is three and the maximum is nine. Currently there are three Directors. Directors must retire on rotational basis so that one-third of Directors must retire at each annual general meeting, provided always that no Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election. Subject to the provisions of the Constitution, the Company may elect a person as a Director by resolution passed in a general meeting. The Directors may appoint a person to be a Director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(k) **Officers' Indemnity**

To the extent permitted by the law, the Company:

- (i) indemnifies and agrees to keep indemnified every Director, executive officer, or Secretary of the Company; and
- (ii) may, by deed, indemnify or agree to indemnify an officer (other than a Director, executive officer or Secretary) of the Company,
- (iii) against a liability to another person, other than the Company or a related body corporate of the Company, PROVIDED THAT:
- (iv) the provisions of the Corporations Act (including, but not limited to, Chapter 2E) are complied with in relation to the giving of the indemnity; and

- (v) the liability does not arise in respect of conduct involving a lack of good faith on the part of the officer.

6. RISK FACTORS

6.1 Introduction

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of commencing or increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

There are specific risks relating to the Company set out in Section 1.3 of this Prospectus.

More general risks that apply to an investment in the Company are set out below:

6.2 General risks

The value of the Company's Shares is affected by a number of general factors which are beyond the Company's or the Board's control.

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, local and international economic conditions and general investor sentiment.

(a) Commodity price and exchange rate fluctuations

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of Gold 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.

(b) 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.

(c) **General equity market risk**

The value of the Company's Shares, including new Shares to be issued under the Offer may fluctuate. In recent times, the extent of the volatility in the price of the Company's Shares and the wider market has been significant.

Investments in equity markets are generally speculative in nature and potential investors should carefully consider this risk before making any investment in Shares.

There is no guarantee that the Shares will trade at or above the price pursuant to the Offer. Potential investors should also note that past performance of the Shares on ASX provides no guidance as to the future performance of these Shares on ASX.

Many factors will affect the price of Securities including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally. In addition, the commencement of, or escalation in, any war, armed conflict, hostilities between nations, civil unrest or terrorist activities may affect the price of Securities.

(d) **Economic factors**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

(e) **Security holders' margin lending arrangements**

Security holders may, from time to time, enter into margin lending arrangements for the purchase of Securities in the Company on terms and conditions not known to the Company.

The Directors are unable to predict the risk of financial failure or default by a Security holder who has entered into such an arrangement or insolvency or other managerial failure by any party who may have provided such an arrangement to the Security holder. Such an event may lead to parcels of Securities being made available for sale which may impact negatively on the price of the Company's Securities.

6.3 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 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 Shares.

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

7. ADDITIONAL INFORMATION

7.1 Continuous disclosure obligations

The Company is a “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 a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights 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 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

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

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 annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and

- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below:

Date	Description of Announcement
31/10/2013	BRR Webcast & Interview Transcript
31/10/2013	Notice of Annual General Meeting/Proxy Form
31/10/2013	US Fund Investment Allows Completion of Financing Program
29/10/2013	Trading Halt
18/10/2013	Appendix 3B - Amendment
18/10/2013	Appendix 3Y - Correction
02/10/2013	Aleator arrange additional funding of EUR 5 million

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.

7.2 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,

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 or director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offer.

The Directors' and CEO's relevant interests in the Company's securities as at the date of this Prospectus and remuneration payable for the current and the last two financial years (excluding superannuation) is set out below:

Name	Shares	Options ¹	Remuneration FY 12	Remuneration FY 13	Current financial year
Lewis Cross	7,680,000	20,030,000	\$96,000	\$85,000	\$28,333
Gennady Varitsky	20,000,000	25,000,000	Nil	\$21,000	\$12,000
Mark Rowbottam	34,850,000	15,000,000	\$42,500	\$168,167	83,330
Wal Muir ²	26,115,959	2,777,777	nil	\$165,755	66,666

Notes:

1. These options are all listed exercisable at 2 cents on or before 31 January 2015.
2. Wal Muir was engaged by the Company under a secondment arrangement with AWT International before being engaged by the Company. The Company has paid AWT International amounts of \$204,864 for FY12 and \$133,333 for FY13.

The Constitution of the Company provides that the 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. The current amount has been set at an amount not to exceed \$500,000 per annum.

The remuneration and emoluments from the Company paid to the Directors for the previous financial year and the agreed remuneration and emoluments contracted to be payable over the current financial year (in each case excluding 9% superannuation) is set out in the table above.

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.

7.3 Interests 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 the 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; or
- (c) the Offer,

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.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer and associated due diligence process. The Company estimates it will pay Steinepreis Paganin \$5,000 (excluding GST and disbursements) for these services.

7.4 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; 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.

Steinepreis Paganin has given and has not withdrawn its consent to be named as the solicitors to the Company in this Prospectus, in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

7.5 Litigation

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

7.6 Estimated expenses of Offer

The total expenses of the Offer are estimated to be approximately \$8,000 as follows:

Expense	(\$)
ASIC fees	2,137
Legal expenses	5,000
Miscellaneous, printing and other expenses	863
Total	8,000

7.7 Market price of Shares

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

The highest, lowest and last market sale prices of the 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	\$0.011	26 September 2013
Lowest	\$0.005	20 August 2013
Last	\$0.007	31 October 2013

7.8 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 on (08) 9385 0700 and the Company will send 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 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 Prospectus or any of those documents were incomplete or altered.

8. DIRECTORS' AUTHORISATION

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

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Dated the 31st day of October 2013.

Signed for and on behalf of:

ALEATOR ENERGY LIMITED

Mark Rowbottom
Director

9. DEFINITIONS

\$ means Australian dollars.

Aleator or **Company** means Aleator Energy Limited (ACN 063 074 635).

Applicant means an investor who applies for Shares pursuant to the Offer.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

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

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

ASX Listing Rules means the listing rules of the ASX.

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.

Company or **Aleator** means Aleator Energy Limited.

Closing Date means the date specified in the timetable in Section 1 of this Prospectus (unless extended).

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

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

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

Offer means the offer of Shares referred to in the "Details of the Offer" section of this Prospectus.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out in Section 1 of this Prospectus (unless extended).

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Placement has the meaning given to that term in Section 4.1 of this Prospectus.

Prospectus means this prospectus.

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

Shareholder means a shareholder of the Company.

WST means western standard time as observed in Perth, Western Australia.