



ASX Code: **TRF**

**Ian Finch**

Managing Director

**Neil McKay**

Director

**Mark Le Grange**

Director

**Allan Trench**

Director

**SHARE REGISTRY**

**Advanced Share Registry  
Services**

150 Stirling Highway  
Nedlands WA 6009

T: +61 (08) 9389 8033

F: +61 (08) 9389 7871

**REGISTERED OFFICE**

Level 2, 679 Murray St  
West Perth, WA, 6005

P: +61 (08) 9485 1040

F: +61 (08) 9485 1050

28 May 2014

*Amended Security Purchase Plan Offer Document*

Further to the announcement dated 27 May 2014 on the Security Purchase Plan ("SPP") Offer Document and Prospectus for the offer of free attaching Options, please find attached the amended SPP Offer Document and Replacement Prospectus for the offer of free attaching Options.

Ian Finch

Managing Director

**Trafford Resources Limited**

28 May 2014

Dear Shareholder,

**Invitation to Participate in the Trafford Resources Limited  
Share Purchase Plan with Two Free Attaching Options**

Having recently received its Research and Development Rebate of **\$1.4 million**, the Company intends to further advance its 2014 exploration programmes.

In particular it proposes considerable follow-up of the exciting maiden, high grade **tin** discovery at its 100% owned Wilcherry Hill project. It is also preparing to commence field work for gold, nickel and copper in the Challenger/Woomera area of South Australia where it controls approximately 7500 Km<sup>2</sup> of highly prospective ground. In Colombia exciting, low cost entry, copper/gold opportunities also continue to present.

With this in mind the Board of Trafford Resources Limited (ASX : TRF) is now pleased to announce a Share Purchase Plan ("SPP") with free attaching Options to all shareholders to acquire additional new shares in the Company, free of brokerage and transaction costs. This is an excellent way for those shareholders holding less than a marketable parcel to increase their shareholding, enabling them to trade on ASX.

This SPP provides Eligible Shareholders with the right to acquire additional shares in the Company with no fees or transaction costs. "Eligible Shareholders" means existing Trafford shareholders in Australia and New Zealand who are registered on the Company's share register at 5pm WST on 21 May, 2014.

The SPP offer provides Eligible Shareholders with a facility to subscribe for between \$1,500 and \$15,000 worth of new Trafford shares without reference to the size of their shareholding. Shares are offered at the issue price of 7 cents per share. Eligible Shareholders who subscribe for Shares under the SPP are also being offered, subject to Shareholder approval, for every Share applied for, two (2) free attaching options exercisable at 10 cents on or before 16 February 2015. These Options are being offered under a replacement prospectus dated 28 May 2014 (Prospectus) that is enclosed together with the detailed terms and conditions of the SPP and conditional on the Company obtaining Shareholder approval at a general meeting scheduled for 7 July 2014. If Shareholder approval is not obtained, Shareholders who subscribe for the SPP will be issued Shares under the SPP but will not be issued any Options.

Under this SPP the Company plans to raise up to \$1,250,000 comprising of approximately 17,857,143 ordinary shares at 7 cents per share. Any shortfall from the SPP may be placed at the discretion of the Directors.

Trafford is an exploration company committed to adding to shareholder wealth through the employment of all of the considerable skills and experience at its disposal to wherever worthwhile opportunities occur.

Whilst your Board is mindful of the current market conditions, it also views this time, in a traditionally cyclical industry, as a clear opportunity to prepare the Company for better times ahead.

As an example, Trafford's investment and technical involvement in Robust Resources Ltd (ASX : ROL) in 2008 (at the beginning of the GFC) resulted in a return to shareholders of approximately \$17 Million. Some of those funds were returned to shareholders directly, as a dividend, whilst the balance was utilised for in ground exploration. As a result shareholders suffered much less value dilution than might otherwise have been the case.

More recently the Company has taken a similar position in Orinoco Gold Limited (ASX : OGX). The recent announcement of the outstanding gold grades from a bulk sampling program indicates that this involvement will be at least as successful as the ROL project.

In South Australia, Trafford is a dominant tenement holder, having under its control over 10,000 Km<sup>2</sup> of highly prospective ground at both Wilcherry Hill, at the northern end of the Eyre Peninsula and around the Challenger gold mine to the North of the Gawler Craton.

Drilling and ground geochemistry in the Black Hills area, near Wilcherry Hill earlier this year demonstrated a significant number of targets that are now ready to be followed up by RC/diamond drilling. The funds raised from this share placement plan will be partly used for this purpose.

Similarly, the Twin Peaks project in Western Australia is showing immense promise as a potentially lucrative DSO hematite iron producer / exporter. The Company is earning up to 80% of this project from the Independence Group (ASX : IGO) and, having earned a 51% equity position, intends to continue the "earn in".

The previous SPP in May 2013 also outlined the manner in which the funds to be raised were intended to be used. It is satisfying to note that the Company achieved those objectives as reported to you throughout the year. In particular the Company's initial objective of earning a 51% interest in the Twin Peaks Joint Venture has been reached.

The rebate of \$1.4 million from the Australian Tax Office represents the tax effect of total allowable research and development expenditure incurred during the financial year ended 30 June 2013 i.e. the company spent approximately \$3.1 million alone on accredited expenditure. This is a remarkable achievement for a junior exploration company and highlights the goal of your directors to place your Company in the mid tier ranks of our industry.

Further information can be obtained from Trafford's website or by following the link below:

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

Full details of the SPP and how to participate are set out in the attached SPP offer documentation (consisting of an SPP Offer Document, a Prospectus for the Options and a combined application form for the shares and options).

The SPP offer is made in accordance with ASIC Class Order 09/425 and therefore does not require a prospectus for the purposes of Chapter 6D of the Corporations Act. However, given that ASIC Class Order 09/425 does not provide relief for the grant of options, the Company has issued the Prospectus for the offer of free attaching options. Please refer to the enclosed Prospectus for further information in relation to the offer of free attaching options.

To apply for a parcel of shares and the associated attaching options, please read these documents carefully and follow the instructions on the enclosed personalised application form. You may also wish to discuss this investment with your financial advisor.

Your continuing support as a shareholder of Trafford Resources Limited is appreciated. Participation in the SPP is optional. The Directors of Trafford intend to subscribe for shares under the SPP.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'I D Finch', written in a cursive style.

Ian D. Finch  
**Managing Director**

## THE OFFER AT A GLANCE

### Key Dates\*

21 May 2014	<b>Record Date 5.00pm (WST)</b> The date on which Trafford Resources Limited determined Eligible Shareholders registered on that date.
29 May 2014	<b>Opening Date</b> The date the SPP opens.
27 June 2014	<b>Closing Date</b> The date on which the SPP closes. Applications and payments (incl. BPAY) must be received by 5.00pm (WST).
30 June 2014	<b>Share Allotment and Despatch Date</b> The date shares are allotted and holding statements sent to shareholders.
3 July 2014	<b>Share Trading Date</b> The date on which Shares expected to commence trading on ASX.
7 July 2014	<b>General Meeting</b> Shareholder meeting to approve the issue of Options offered under the Prospectus.
7 July 2014	<b>Option Allotment and Despatch Date</b> The date free attaching options are allotted and holding statements sent to optionholders.
9 July 2014	<b>Option Trading Date</b> The date on which Options expected to commence trading on ASX

***\*Trafford Resources Limited has the discretion to alter any of the Key Dates without notice.***

### Offer Details

Issue Price	The issue price is 7 cents per share which represents 1.9% discount to the 7 day volume weighted average price of the Company's share price between 28 April 2014 and 7 May 2014.
Attaching Options	(a) Two free attaching options for every share applied for, exercisable at 10 cents at any time on or before 16 February 2015. It is the intention of the Company to apply for ASX Listing of these options.
Minimum Application Amount	The minimum application amount is \$1,500.
Maximum Application Amount	The maximum application amount is \$15,000.
Permitted Application Amounts	Each Eligible Shareholder is entitled to subscribe for a parcel of shares valued at any of \$1,500, \$3,150, \$4,900, \$6,300, \$9,100, \$11,900 or \$15,000.

## Valuation of Shares and Options

On the record date of the SPP (21 May 2014), the closing price of Shares as traded on ASX was \$0.07.

Under the SPP the Company is offering one (1) Share at an issue price of \$0.07 per Share to raise up to \$1,250,000 together with free attaching Options on the basis of two (2) free attaching Options for every one (1) Share subscribed for under the SPP.

The issue price for the package of Shares and Options is close to the current trading price of the Company's Shares on ASX. However, the Options being offered under the Offer have a value which is not readily attainable.

In light of this, The Company considers it prudent to make available to Shareholders a valuation of the Options using the Black and Scholes option valuation model. Based on the assumptions set out below and using this model, the Options have a potential value as follows:

Valuation Date	21 May 2014
Market price of Shares	\$0.07
Exercise price	\$0.10
Expiry Date	16 February 2015
Risk free interest rate	2.76%
Volatility	85.5%
<b>Indicative value per Option</b>	<b>\$ 0.012</b>

***Note: The valuation noted above is not necessarily the market price that the Options could be traded at and is not automatically the market price for taxation purposes.***

Based on the above, the total value of one (1) Share and two (2) free attaching Options is \$0.094, which is more than the issue price for the package of \$0.07. This is effectively what each Shareholder will be acquiring when applying for Shares and Options under the Offer.

However, Shareholders should be aware that the value of the Shares and Options will fluctuate with changes in the market price for the Shares and the assumptions set out in the Option valuation model above.

## QUESTIONS AND ANSWERS

### 1. What is the Share Purchase Plan?

The Share Purchase Plan (SPP) is an opportunity for eligible shareholders as at 21 May 2014 to purchase additional ordinary shares in the Company without brokerage and commission

costs.

It also provides an excellent way for those shareholders holding less than a marketable parcel to increase their shareholding without incurring brokerage and commission costs, thus enabling them to be able to trade on ASX.

All shares issued to shareholders under the SPP will rank equally with existing shares and will carry the same voting rights and other entitlements.

**2. What is the Issue Price of the Shares?**

The issue price is 7 cents per share. You should note that the market price of the Company's shares may rise or fall between the date of this offer and the date the shares are allotted under the SPP. This means that the issue price may be higher, equal or lower than the price of the shares traded on ASX at the time the shares applied for under the SPP are allotted and issued.

**3. How will the Funds Raised be used?**

Description	Value	%
Silver, Tin , Gold drill ready targets at Wilcherry Hill	\$625,000	50.00
Challenger J.V. and Woomera Area prospecting of known Nickel and Gold anomalies	\$312,500	25.00
Colombia copper/gold prospects	\$250,000	20.00
Other including New projects and re-assay of historical and Ironclad drill samples	\$62,500	5.00
<b>TOTAL</b>	<b>\$1,250,000</b>	<b>100.00</b>

**4. How many Shares can I apply for under the SPP?**

Regardless of the number of shares you currently own, you are entitled to apply for a parcel of shares in the Company valued at any of \$1,500, \$3,150, \$4,900, \$6,300, \$9,100, \$11,900 or \$15,000.

If you hold shares in more than one capacity (for example you are both a joint holder and a sole holder), the maximum amount you can apply for under the Plan in all capacities is \$15,000.

**By applying to purchase shares under the SPP, you will agree to be bound by the terms and conditions of the SPP as set out in this offer document.**

**5. How do I apply for Shares under the SPP?**

If you wish to participate in the SPP, please follow the instructions set out on the enclosed personalised application form and send this form together with your cheque or money order made payable to “Trafford Resources Limited” to:

Advanced Share Registry  
PO Box 1156, Nedlands, WA 6909

Alternatively you can make a BPAY payment as shown on the application form. If you make a BPAY payment, you do not need to return the application form. Please note that New Zealand shareholders are not able to make a BPAY payment.

Shareholders should note that if they do make payment via BPAY you are certifying that at the time of payment you have not received shares under the SPP in excess of \$15,000 including any shares of the same class under any previous share purchase plan or any similar arrangement in the 12 months prior to making payment.

If you wish to participate you should ensure that your application form and payment is received by no later than 5.00pm (WST) on 27 June 2014.

Please allow adequate time for mail deliveries.

You will not be able to withdraw or revoke your application once you have sent us the completed application form and payment.

**6. How long is the SPP offer open for?**

The SPP opens on 29 May 2014 and is expected to close on Friday 27 June 2014. The Directors reserve the right to vary the Closing Date.

If you wish to participate you should ensure that your application form and payment is received by no later than 5.00pm (WST) on 27 June 2014.

**7. Do I have to participate in the SPP?**

Participation in the SPP is voluntary.

Before you apply for shares under the SPP we recommend you seek independent financial advice from your professional advisor or stockbroker.



#### **8. Further assistance**

If you have any questions in relation to the SPP please contact your professional advisor or stockbroker.

If you require information on how to complete the application form please contact the Company Secretary on (08) 9485 1040 or the Company's share registry on (08) 9389 8033.

## TRAFFORD RESOURCES LIMITED SHARE PURCHASE PLAN

### Terms and Conditions

#### This document sets out the terms and conditions of the offer under the Share Purchase Plan

##### **Purpose**

The purpose of the Share Purchase Plan (**Plan**) is to offer shareholders of Trafford Resources Limited ABN 92 112 257 299 (**Company**) the opportunity to acquire additional fully paid ordinary shares in the Company up to a maximum value of \$15,000 without the need to pay brokerage or commission costs and without the need for the Company to issue a Prospectus as provided for in ASIC Class Order 09/425, upon such terms and conditions as the Board of Trafford Resources Limited in its absolute discretion sees fit.

##### **Shareholders Eligibility to Participate**

Participation in the Plan is open to each person registered as a holder of ordinary shares in the Company on 21 May 2014 (**Record Date**), who has an address in Australia or New Zealand (**Eligible Shareholders**) subject to the conditions detailed below.

Due to foreign security laws, it is not practical for shareholders who are resident in other countries to participate under the Plan.

Participation in the Plan is optional and is subject to the following terms and conditions. Offers made under the Plan are non-renounceable.

Joint shareholders are taken to be a single registered holding for the purpose of the Plan, and the joint holders are entitled to participate in the Plan in respect of that single holding only. If the same joint holders receive more than one offer under the Plan, those joint holders may only apply for the aggregate maximum parcel of shares between any joint or individual holdings, being \$15,000.

Trustees and nominees are able to apply for one maximum parcel of shares under the Plan for each beneficiary that is expressly noted on Trafford Resources Limited's share register as a trustee or nominee for a named beneficiary. If Trafford Resources Limited's share register does not record a named beneficiary in respect of your trustee or nominee holding, the rules for multiple holdings apply.

By electing to participate in the Plan, the shareholder shall be deemed to have certified that the aggregated maximum amount subscribed for under the Plan does not exceed \$15,000. Furthermore shareholders will be deemed to have confirmed, in relation to all shares applied for them under the Plan that they do not make application for any other person in circumstances which might involve any breach of securities law of any jurisdiction other than Australia and New Zealand and have agreed to be bound by Trafford Resources Limited's Constitution in respect of all the shares issued to them under the Plan.

**Issue Price**

The price of shares to be issued under the Plan will be \$0.07 (7 cents) per share with two free attaching options per share exercisable at 10.0 cents per option on or before 16 February 2015. The issue price is approximately a 1.9% discount to the 7 day volume weighted average price of the Company's share price between 28 April 2014 and 7 May 2014.

The market price of shares in Trafford Resources Limited may rise or fall between the date of this offer and the date that new shares are issued to you. This means that the issue price may be higher, equal or lower than the price of the shares traded on ASX at the time the shares applied for under the Plan are issued and allotted.

**Issue of Options**

The offer and grant of Options is governed by the Prospectus.

**Application and Notices**

At the discretion of the Directors of the Company, Eligible Shareholders will be sent the SPP offer documentation, consisting of an SPP Offer Document, a Prospectus for the Options and a combined application form for the shares and options.

Eligible Shareholders may apply to purchase a parcel of shares under the Plan valued at any of \$1,500, \$3,150, \$4,900, \$6,300, \$9,100, \$11,900 or \$15,000.

If you wish to participate in the Plan you must complete the attached personalised application form and provide payment in accordance with the instructions set out on the application form.

The number of shares to which you are entitled will be calculated by dividing the subscription amount elected by the purchase price per share.

Applications will not be accepted after 27 June 2014 (**Closing Date**) of the offer, unless the Directors elect to vary the Closing Date.

The Company reserves the right to reject any application where there is non-compliance with this rule or any other terms or conditions of the Plan.

Oversubscriptions or refunds of other application monies will be without interest.

**Scale back**

If the subscriptions received by Trafford Resources Limited exceed \$1,250,000 or such other amount as determined by the Directors, the Company may in its absolute discretion choose to undertake a scale back to the extent and in the manner it sees fit. Any scale back will be announced on 30 June 2014 (**Allotment Date**) unless the Directors vary the Closing Date for the SPP.

**Shortfall**

In the event that the SPP is not fully subscribed, any shortfall may be placed at the discretion of the Directors. The Company will offer the free attaching Options to investors who subscribe for any shortfall on the same terms offered to Eligible Shareholders.

**Shares Issued Under the Plan**

Shares issued under the Plan will rank equally in all respects with all other ordinary fully paid shares in the Company from the date of issue.

Shareholder holding statements and/or CHESS notifications will be issued in respect of all shares.

After the issue of shares under the Plan, the Company will make application for these shares to be listed for quotation on the official list of the ASX.

### **Terms of Options**

The offer and grant of Options is governed by the Prospectus, and is conditional on Shareholders approving the grant of the free attaching Options at a shareholder meeting to be held on 7 July 2014.

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company.

Shares issued on exercise of options will rank equally with other ordinary shares of the Company.

Quotation of options on ASX will be sought and the Company will apply to ASX for official quotation of Shares issued on the exercise of options.

There are no participating rights or entitlements inherent in the options and option 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 the record date for determining entitlements to any such issue will be at least 7 Business Days after the issue is announced. Option holders shall be afforded the opportunity to exercise all options which they are entitled to prior to the date for determining entitlements to participate in any such issue.

Options must be exercised in multiples of 5,000, unless the holder exercises all Options able to be exercised at that time.

If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("Bonus Issue"), each option holder, holding any options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those options the number of Shares which would have been issued under the Bonus Issue ("Bonus Shares") to a person registered as holding the same number of Shares as that number of Shares to which the option holder may subscribe pursuant to the exercise of those options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise). The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank *pari passu* in all respects with the other Shares issued upon exercise of the options.

### **Modification and Termination of the Plan**

Trafford Resources Limited may settle in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant or application, and the decision of Trafford Resources Limited will be conclusive and binding on all participants and other persons to whom the determination relates.

Trafford Resources Limited reserves the right to waive strict compliance with any provision of these terms and conditions. The power of Trafford Resources Limited under these conditions may be exercised by the Directors of the Company or any delegate of the Directors of the Company.

### **ASIC Relief**

This offer of new shares under the Plan is made in accordance with the relief granted under ASIC Class Order 09/425. This class order grants relief from the requirement to prepare a prospectus for the offer of new shares under the Plan. However, given that ASIC Class Order 09/425 does not provide relief for the grant of options, the Company has issued

the Prospectus for the offer of free attaching options. Please refer to the enclosed Prospectus for further information in relation to the offer of free attaching options.

**Contact Details**

If you have any questions regarding the Plan or how to deal with this offer, please contact your professional advisor or stockbroker.

If you require information on how to complete the application form, please contact the Company's share registry on (08) 9389 8033 or the Company Secretary (08) 9485 1040.

# TRAFFORD RESOURCES LIMITED

## ACN 112 257 299

---

## REPLACEMENT PROSPECTUS

---

For an offer of two (2) free quoted Options exercisable at \$0.10 each, expiring 16 February 2015, on the basis of two (2) free Options for every one (1) Shares subscribed for by investors under the SPP (**SPP Offer**) at the time of application.

And

For an offer of up to 1,714,288 free quoted Options exercisable at \$0.10 each, expiring 16 February 2015, on the basis on the basis of two (2) free Options for every one (1) Share subscribed for by Related Parties under the SPP (**Related Party Offer**) at the time of application.

The offers are conditional upon the Company obtaining Shareholder approval at a shareholder meeting scheduled for 7 July 2014 for which a notice of meeting was despatched on or about 6 June 2014. Refer to section 3.1 for further details.

### 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 advisor.

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

---

## TABLE OF CONTENTS

---

### Contents

1.1	<i>Timetable*</i>	5
1.2	<i>Important Notes</i>	5
1.3	<i>Risk Factors</i>	6
1.4	<i>Electronic Prospectus</i>	6
1.5	<i>Foreign Jurisdictions</i>	6
1.6	<i>New Zealand</i>	7
<b>2.</b>	<b>CORPORATE DIRECTORY</b>	<b>7</b>
<b>3.</b>	<b>DETAILS OF THE OFFER</b>	<b>8</b>
3.1	<i>Background</i>	8
3.2	<i>The Offers</i>	8
3.3	<i>Minimum Subscription</i>	9
3.4	<i>Offer Period</i>	9
3.5	<i>Acceptance</i>	9
3.6	<i>No Shortfall</i>	9
3.7	<i>No Underwriting</i>	10
3.8	<i>ASX Quotation</i>	10
3.9	<i>Allotment</i>	10
3.10	<i>Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship</i>	10
3.11	<i>Enquiries</i>	11
<b>4.</b>	<b>PURPOSE AND EFFECT OF THE OFFERS</b>	<b>11</b>
4.1	<i>Purpose of the Offer</i>	11
4.2	<i>Effect of the Offer</i>	11
4.3	<i>Pro-forma Balance Sheet</i>	11
4.4	<i>Effect on Capital Structure</i>	12
<b>5.</b>	<b>RIGHTS AND LIABILITIES ATTACHING TO SECURITIES</b>	<b>13</b>
5.1	<i>Options</i>	13
5.2	<i>Shares</i>	15
(a)	<i>General meetings</i>	15
(b)	<i>Voting rights</i>	16

(c)	<i>Dividend rights</i>	16
(d)	<i>Winding-up</i>	17
(e)	<i>Shareholder liability</i>	17
(f)	<i>Transfer of Shares</i>	17
(g)	<i>Future increase in capital</i>	17
(h)	<i>Variation of rights</i>	17
(i)	<i>Alteration of constitution</i>	18
<b>6.</b>	<b>RISK FACTORS</b>	<b>18</b>
6.1	<i>Introduction</i>	18
6.2	<i>Dilution Risk</i>	18
6.3	<i>Share Market</i>	18
6.4	<i>Exploration and Development Risks</i>	19
6.5	<i>Operating Risks</i>	20
6.6	<i>Commercialisation Risks</i>	20
6.7	<i>Future Capital Needs</i>	20
6.8	<i>Economic and Government Risks</i>	20
6.9	<i>Compliance Risk</i>	21
6.10	<i>Commodity Price and Exchange Rate Risk</i>	21
6.11	<i>Reliance on Key Management and Personnel</i>	21
6.12	<i>Insurance Risks</i>	22
6.13	<i>Competition Risk</i>	22
6.14	<i>Carbon Tax</i>	22
6.15	<i>NGERS reporting regime</i>	22
6.16	<i>Changes to workplace occupational health and safety legislation</i>	23
6.17	<i>Access to infrastructure</i>	23
6.18	<i>Liquidity Risk</i>	23
6.19	<i>Sovereign Risk</i>	23
<b>7.</b>	<b>ADDITIONAL INFORMATION</b>	<b>24</b>
7.1	<i>Litigation</i>	24
7.2	<i>Continuous Disclosure Obligations</i>	24
7.3	<i>Market Price of Shares</i>	27
7.4	<i>Interests of Directors</i>	27
7.5	<i>Interests of Experts and Advisers</i>	29
7.6	<i>Expenses of the Offer</i>	30



7.7	<i>Electronic Prospectus</i>	30
7.8	<i>Financial Forecasts</i>	30
7.9	<i>Privacy Act</i>	30
8.	<b>DIRECTOR'S AUTHORISATION</b>	<b>31</b>
9.	<b>GLOSSARY</b>	<b>32</b>

---

## 1. SUMMARY OF IMPORTANT DATES AND INFORMATION

### 1.1 Timetable\*

Event	Date (WST)
SPP Record Date	21 May 2014
Prospectus lodged with ASIC	28 May 2014
SPP and Offers open	29 May 2014
SPP and Prospectus dispatched to Shareholders	3 June 2014
SPP and Offers Closing Date**	27 June 2014
Issue of Shares pursuant to the SPP and Prospectus	30 June 2014
Trading commences for Shares pursuant to the SPP and Prospectus	3 July 2014
General Meeting of Shareholders	7 July 2014
Issue of Options pursuant to the SPP and Prospectus	7 July 2014
Trading commences for Options pursuant to the SPP and Prospectus	9 July 2014

\*These dates are indicative only and may change without prior notice.

\*\*SPP Subscribers should ensure that they have lodged their Acceptance Form by this date for Options to be issued under the SPP Offer.

### 1.2 Important Notes

This Prospectus is dated 28 May 2014 and was lodged with ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of the Prospectus is 5.00pm (WST) on the date that is 13 months after the date of this Prospectus (Expiry Date). No Options will be granted on the basis of this Prospectus after the Expiry Date.

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

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.

This Prospectus is a transaction specific prospectus for an offer of options to acquire 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 a full form 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 Risk Factors**

Potential investors should be aware that subscribing for Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6 of the Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Options in the future.

### **1.4 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 the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an 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 Subscriber may obtain a hard copy of this Prospectus free of charge by contacting the Company Secretary on +61 8 9485 1040.

### **1.5 Foreign Jurisdictions**

This Prospectus 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.

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. Subscribers 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 may not be released or distributed outside Australia, except to persons who subscribed for shares under the SPP who are resident in New Zealand. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

## 1.6 New Zealand

The Options are not being offered or sold to the public within New Zealand, other than in relation to the SPP Offer, which is being made to existing shareholders of the Company with registered addresses in New Zealand and to whom the offer is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

---

## 2. CORPORATE DIRECTORY

### Directors

Ian D. Finch  
*Managing Director*

Mark Le Grange  
*Executive Director*

Neil W. McKay  
*Non Executive Director*

Dr. Allan Trench  
*Non Executive Director*

### Joint Company Secretaries

Neil W. McKay  
Pragiyugi Gouw

### Registered Office

Level 2  
679 Murray Street  
WEST PERTH WA 6005

Telephone: (08) 9485 1040  
Facsimile: (08) 9485 1050  
Email: [admin@traffordresources.com](mailto:admin@traffordresources.com)  
Website: [www.traffordresources.com](http://www.traffordresources.com)

### Share Registry\*

Advanced Share Registry Ltd  
110 Stirling Highway  
NEDLANDS WA 6009

Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871

### Solicitors\*

Hunt & Humphry  
15 Colin Street  
WEST PERTH WA 6005

### Auditor\*

Bentleys  
Level 1  
12 Kings Park Road  
WEST PERTH WA 6005

\*This party has been included for information purposes only. It has not been involved in the preparation of this Prospectus.

---

### 3. DETAILS OF THE OFFER

#### 3.1 Background

Trafford is offering Eligible Shareholders the opportunity to subscribe under a share purchase plan (**SPP**) for up to \$15,000 worth of Shares at the price of \$0.07 per Share, to raise up to approximately \$1,250,000. The minimum application under the SPP is \$1,500.

Eligible Shareholders who subscribe to the SPP (**SPP subscribers**), are also being offered subject to Shareholder approval, two (2) free attaching Options for every one (1) Share subscribed for. Each option issued shall have an exercise price of 10 cents and expiry date of 16 February 2015. Application will be made for the Options to be granted quotation. The offer of these Options (the **SPP Offer**) is being made in this Prospectus.

Trafford is proposing, subject to Shareholder approval, to issue up to 857,144 Shares to the Directors or their nominees (**Related Parties**) at an issue price of \$0.07 per Share to raise approximately \$60,000 (**Related Party Issue**) together with the two (2) free attaching Options for every one (1) Share issued to the Related Parties. The offer of these Options to the Related Parties (**Related Party Offer**) is being made under this Prospectus.

The Offers are conditional on the Company obtaining Shareholder approval for the grant of Options. The Company has scheduled a Shareholder meeting for 7 July 2014 to obtain this approval (amongst other things). If Shareholder approval is not obtained in relation to particular Options, those Options will not be granted under this Prospectus.

The Options exercisable at \$0.10 each and having an expiry date of 16 February 2015 and otherwise on the terms set out in Section 5.1 of this Prospectus.

All of the Shares issued upon the future exercise of the Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.2 for further information regarding the rights and liabilities attaching to the Shares.

#### 3.2 The Offers

By this Prospectus, the Company makes the following offer of Options:

**SPP Offer:** an offer of up to 35,714,286 Options to SPP Subscribers on the basis of two (2) free attaching Options for every one (1) Share subscribed for under the SPP. Fractional entitlements will be rounded up to the nearest whole number; and

**Related Party Offer:** an offer of up to 1,714,288 Options to the Related Parties the basis of two (2) free attaching Options for every one (1) Shares subscribed for under the SPP. Fractional entitlements will be rounded up to the nearest whole number

### **3.3 Minimum Subscription**

There is no minimum subscription under the Offers.

### **3.4 Offer Period**

The Offers will open on 29 May 2014 (**Opening Date**) and are anticipated to close on 27 June 2014 (**Closing Date**).

The Company anticipates allocating Options at the same time as it completes the issue of Shares for the SPP.

SPP Subscribers who have applied for Shares pursuant to the SPP should ensure that they have lodged their Acceptance Form in relation to the relevant Options **no later than 5.00pm (WST) 27 June 2014**.

The Opening Date and Closing Date for the Offers are indicative only and subject to change without notice. The Company may vary these dates, including to close the Offers early, extend the Closing Date or to withdraw the Offers at any time prior to issue. If any of the dates are changed, subsequent dates may also change. You are encouraged to lodge your Application Form as soon as possible after the Opening Date.

### **3.5 Acceptance**

Completed Application Forms must be mailed or delivered to the Company at the below address.

Trafford Resources Limited  
C/- Advanced Share Registry  
PO Box 1156, Nedlands WA 6909

A Subscriber's acceptance may only accept the Offer on the basis of two (2) Options for every one (1) Share subscribed for pursuant to the SPP.

The Offers are non-renounceable. Accordingly, a Subscriber may not sell or transfer all or part of their entitlement.

### **3.6 No Shortfall**

The Company will not make a shortfall offer of any Options not subscribed for under this Prospectus.

### **3.7 No Underwriting**

The Offers are not underwritten.

### **3.8 ASX Quotation**

Application for Official Quotation of the Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus.

If ASX does not grant Official Quotation of the Options offered pursuant to this Prospectus 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 deal with Application Forms that have not resulted in the grant of Options in accordance with the Corporations Act (which provides for investors to be given a one month right to withdraw their acceptance of the Offer) and any Options that have been granted will be void.

The fact that ASX may grant Official Quotation to the Options is not to be taken in any way as an indication of the merits of the Company or the Options now offered for subscription.

### **3.9 Allotment**

Options subscribed for under the Offers will be allotted in accordance with the timetable set out at the commencement of this Prospectus.

Holding statements for Options granted under the Offers will be mailed as soon as reasonably practicable after the Options are granted.

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

The Company will not be issuing option certificates. The Company is a participant 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.

Instead of option certificates, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Options 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.

### 3.11 Enquiries

Any questions concerning the Offers should be directed to the Joint Company Secretaries Mr Neil McKay or Mr. Pragiugi Gouw on (+61 8) 9485 1040. If you have any questions concerning the Application Form, please call Advanced Share Registry on (+61 8) 9389 8033.

---

## 4. PURPOSE AND EFFECT OF THE OFFERS

### 4.1 Purpose of the Offer

The Offers are being made in accordance with the Company's announced intention to offer free attaching Options to Subscribers under the SPP on the basis of 2 free attaching Options for every 1 Shares subscribed for.

No funds will be raised from the Offers.

### 4.2 Effect of the Offer

The principal effect of the Offers, assuming all Options offered under the Prospectus are granted, will be to increase the number of Options currently on issue by approximately 35,714,286.

### 4.3 Pro-forma Balance Sheet

The reviewed balance sheet as at 31 December 2013, as per the half-year reviewed financial report, and the unaudited pro-forma balance sheet shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Options offered under the Prospectus are granted and the SPP is fully subscribed to \$1,250,000 and excludes the \$1.4 million R&D Rebate received in April 2014.

The pro-forma balance sheet has been prepared to provide investors 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.

	REVIEWED 31 DECEMBER 2013 \$	UNAUDITED PROFORMA \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	225,263	1,433,263
Trade and other receivables	112,994	112,994
Financial Assets	1,637,074	1,637,074
<b>TOTAL CURRENT ASSETS</b>	<b>1,975,331</b>	<b>3,183,331</b>
<b>NON-CURRENT ASSETS</b>		



Plant and equipment	86,620	86,620
Investments accounted for using the equity method	5,657,334	5,657,334
Exploration and evaluation costs	1,980,744	1,980,744
<b>TOTAL NON CURRENT ASSETS</b>	<b>7,724,698</b>	<b>7,724,698</b>
<b>TOTAL ASSETS</b>	<b>9,700,029</b>	<b>10,908,029</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	651,982	651,982
Provisions	200,259	200,259
<b>TOTAL CURRENT LIABILITIES</b>	<b>852,241</b>	<b>852,241</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	52,933	52,933
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>52,933</b>	<b>52,933</b>
<b>TOTAL LIABILITIES</b>	<b>905,174</b>	<b>905,174</b>
<b>NET ASSETS</b>	<b>8,794,855</b>	<b>10,002,855</b>
<b>EQUITY</b>		
Issued Capital	22,275,584	23,483,584
Reserves	2,014,934	2,014,934
Retained profits	(15,495,663)	(15,495,663)
<b>TOTAL ENTITY INTEREST</b>	<b>8,794,855</b>	<b>10,002,855</b>

**Notes to the Reviewed Consolidated Statement of Financial Position Actual and Proposed Transactions to arrive at Pro-Forma Unaudited Statement of Financial Position:**

Proposed transactions adjusting the 31 December 2013 Reviewed consolidated statement of financial position and the pro-forma consolidated statement of financial position are as follows:

- Offer of 17,857,143 Shares at \$0.07 per Share, together with 35,714,286 free attaching Options, to raise \$1,250,000 (not including costs) (being the SPP and SPP Offer);
- Payment of cash expenses of the SPP totalling an estimated \$42,000 and the expensing of such costs charged against issued capital.

	NOTE	\$
<b>1. CASH ASSETS</b>		
The movement in cash assets is as follows:		
Reviewed 31 December 2013 Balance		225,263
Issue of SPP Shares	(a)	1,250,000
Less: estimated costs of the Offers	(b)	(42,000)
		<b>1,433,263</b>
<b>2. ISSUED CAPITAL</b>		
The movement in issued capital is as follows:		
Reviewed 31 December 2013 Balance		22,275,584
14,285,715 Shares pursuant to SPP	(a)	1,250,000
Less: estimated Placement costs	(b)	(42,000)
		<b>23,483,584</b>

#### 4.4 Effect on Capital Structure

The effect of the Offers on the capital structure of the Company, assuming the SPP is fully subscribed for, and all Options offered under the Prospectus are issued (but no other Shares are Issued or Options exercised), is set out below.

Shares	Number
Shares on issue at the date of this Prospectus	120,522,975
Shares to be issued under the SPP	17,857,143
<b>Subtotal</b>	<b>138,380,118</b>
Shares offered under this Prospectus	Nil
<b>Total Shares on issue after completion of the Offer</b>	<b>138,380,118</b>

Options	Number
Options on issue at the date of this Prospectus <sup>1</sup>	29,120,596
Options offered under the SPP Offer	35,714,286
<b>Total Options on issue after completion of the Offers</b>	<b>64,834,882</b>

**Notes:**

**1. Being the following:**

- a. 2,919,633 listed Options exercisable at \$0.30 per Option, on or before 13 October 2014.
- b. 500,000 unlisted Options exercisable at \$0.25 per Option, on or before 31 October 2015.
- c. 25,700,963 unlisted Options exercisable at \$0.20 per Option, on or before 20 May 2015.

The capital structure of the Company on a fully diluted basis:

- (a) as at the date of this Prospectus is 149,643,571 Shares; and
- (b) on completion of the Offers (assuming all of the above Securities are issued, and no other Shares are issued or Options exercised) would be 203,215,000 Shares.

---

**5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

**5.1 Options**

The Options to be issued pursuant to the Offers entitle the holder to subscribe for Shares on the following terms and conditions.

- (a) The Options are exercisable at a price of 10 cents (\$0.10) each at any time from the date of grant up to 16 February 2015. Each Option entitles the holder to subscribe for one Share.
- (b) Notwithstanding paragraph (a), if:
  - (i) a takeover bid within the meaning of the Corporations Act is made for the Shares in the Company and the bidder becomes entitled to compulsorily acquire all of the Shares, any Options not exercised by the end of the bid period shall lapse; or
  - (ii) a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company the effect of which may be that a person will have a relevant interest in at least 90% of the Company's Shares, any Options not exercised during the period which is 7 days of the court order shall lapse.

- (c) The Options must be exercised in multiples of 5,000, unless the holder exercises all Options able to be exercised at that time
- (d) All Shares issued upon exercise of the Options will rank equally in all respects with the then issued Shares, and the Company will, within 7 days, apply for official quotation by the ASX of all Shares issued upon the exercise of the Options.
- (e) There are no participating rights or entitlements conferred on the Options and the holder will not be entitled to participate with respect to the Options in new issues offered to shareholders of the Company during their currency without exercising the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the relevant record date will be at least seven Business Days after the relevant record date will be at least seven Business Days after the relevant issue is announced and the holder is notified at that time. This will give the holder the opportunity to exercise the Options prior to the date for determining entitlements and to participate in any such issue as a shareholder.
- (f) In the event of any reorganisation of capital of the Company prior to the expiry date for exercise of the Options, the number of Options to which the holder is entitled or the exercise price of the Options or both shall be changed to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of reorganisation.
- (g) The number of Options held will appear on an option holder statement which will be accompanied by a Notice of Exercise of Options that is to be completed when exercising Options as follows:

Notice of Exercise of Options	
To the Directors of Trafford Resources Limited (the Company),	
I, .....	
of.....	
	Being the registered holder of options in the capital of the Company hereby exercise ..... such options to subscribe for ordinary shares and enclose application monies payable of 10 cents per option exercised.
I authorise you to register me as the holder of the shares to be allotted to me and agree to accept such shares subject to the constitution of the Company.	
Dated the     day of     20____	
Signed by the holder of the Options.....	

- (h) The Options are exercised by completing the Notice of Exercise of Options form (substantially similar to the one above) and forwarding it to the Company with the exercise monies payable to the Company. The Company shall within seven days after the receipt of such Notice, issue Shares in respect of the Options exercised and dispatch a shareholder statement to the holder.
- (i) The Company will advise holders at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options.
- (j) Application will be made by the Company for the listing of the Options. The Options are freely transferable subject to any restriction or escrow arrangements imposed by the ASX or under applicable Australian securities laws.
- (k) The Options do not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

## **5.2 Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. The 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.

### **(a) General meetings**

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

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

**(b) Voting rights**

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

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote for each partly paid Share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

**(c) Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid 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.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. 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.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

**(d) Winding-up**

If the Company is wound up, then on a distribution of assets to Shareholders, Shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other Shares.

Subject to the rights of Shareholders (if any) entitled to Shares with special rights in a winding up, 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) Shareholder liability**

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

**(f) 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 ASX listing rules.

**(g) Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX 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.

**(h) Variation of rights**

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. Any variation shall be subject to Sections 246B to 246E of the Corporations Act.

**(i) Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

---

**6. RISK FACTORS**

**6.1 Introduction**

The Options offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Options.

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

**6.2 Dilution Risk**

On completion of the Offers, assuming the SPP and all Offers under this Prospectus are fully subscribed and no other Options are granted or exercised, there will be a further 35,714,286 Options on issue.

If exercised, these Options will be converted into fully paid ordinary Shares, thereby causing the shareholdings of Shareholders to be diluted. However, each Option has an exercise price of \$0.10 which means that the Company will receive additional funds of up to approximately \$3,571,429 upon exercise of the Options, if all Options the subject of the Offers are exercised

**6.3 Share Market**

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 including but not limited to the following:

- (a) general economic outlook;

- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) mineral price fluctuations;
- (e) changes in investor sentiment toward particular market sectors;
- (f) the demand for, and supply of, capital;
- (g) terrorism or other hostilities; and
- (h) other factors beyond the control of the Company.

#### **6.4 Exploration and Development Risks**

Whilst independently audited resources exist (as disclosed and announced on ASX) on some of the Company's mineral properties, there can be no assurance that a feasibility study will lead to the delineation of economic resources or that any resources can be extracted at a cost that is economically viable for the Company.

Accordingly, no assurance can be given that the cost estimates and the underlying assumptions made by the Company will be realised in practice, which may materially and adversely affect the Company's viability and the market value of the Shares.

The Company is in the exploration stage for the development of minerals. Any profitability in the future from the Company's business will be dependent upon the successful development, production and marketing of the mineral from the Company's projects, which is by its nature is an uncertain and speculative endeavor. The Directors are aware of many of the difficulties and risks associated with mineral exploration and development and will use their best business judgment to minimise the impact of development risk on the Company.

The successful exploration of mineral properties is speculative. Most exploration projects do not result in the discovery of commercially viable deposits. The mineral tenements of the Company are at various stages of exploration. There can be no assurance that further exploration of tenements held or acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited into a producing mine.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.



## **6.5 Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify 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.

## **6.6 Commercialisation Risks**

Even if the Company discovers commercial quantities of minerals, there is a risk the Company will not achieve a commercial return. The Company may not be able to transport the minerals at a reasonable cost or may not be able to sell the minerals to customers at a rate which would cover its operating and capital costs. The Company has to receive regulatory and environmental approval to convert its exploration permits into production concessions. There is a risk that these approvals may not be obtained.

## **6.7 Future Capital Needs**

Further funding of projects will likely be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and, consequently, its performance and market value of Shares. A failure to meet cash calls under any joint venture or similar agreement would likely result in a default of joint venture obligations which, if not remedied, could result in forfeiture of permits or concessions.

## **6.8 Economic and Government Risks**

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

- (a) general economic conditions in Australia and its major trading partners;
- (b) changes in Government policies, taxation and other laws;
- (c) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the commodities (resources)

sector;

(d) movement in, or outlook on, interest rates and inflation rates; and

(e) natural disasters, social upheaval or war in Australia or overseas.

## **6.9 Compliance Risk**

The Company has acquired and presently holds an interest in various mining tenements. Title to these tenements is subject to the Company, as tenement holder, complying with the terms and conditions of each tenement, including the minimum annual expenditure commitments. There is a risk that if the Company does not comply with the terms and conditions of each tenement, it may lose its interest in the relevant tenement.

The Company has implemented appropriate policies and practices to mitigate the risk that the terms and conditions attaching to each of the tenements it has acquired an interest in are not complied with. These policies and procedures ensure that the Company will comply with not only the terms and conditions of its tenements but legal obligations throughout its operations.

## **6.10 Commodity Price and Exchange Rate Risk**

As the Company's potential earnings will be derived from the sale of mineral commodities, either in processed or concentrate forms, the Company's future market value, revenues and cash flows will be impacted by changes in the prices of these commodities. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include current and expected future supply and demand, forward selling by producers, production cost levels in major metal producing centres as well as macroeconomic conditions such as inflation and interest rates.

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

## **6.11 Reliance on Key Management and Personnel**

The responsibility for 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. In particular, the experience of each Board member is significant to the future success of the Company's operations. Accordingly if one of those key personnel were to leave the Company, the Company would likely suffer delay in replacing the particular skill set of the leaving Board member.

More generally, in the event that the Company progresses the development and commercialisation of any of its assets toward production, it is likely to require a large number of personnel for these operations. There is currently a significant shortage of skilled workers in Australia's mining industry, and a high level of demand for skilled workers from existing operators. As such, there is a risk that the Company may not be able to procure the required number of skilled workers for any of its future operations which could have an adverse impact on the Company.

#### **6.12 Insurance Risks**

Insurance coverage of all risks associated with minerals exploration, development and production is not always available and, where available, the cost can be high. The Company will have insurance in place considered appropriate for the Company's needs. The Company will not be insured against all possible losses, either because of the unavailability of cover or because the Directors believe the premiums are excessive relative to the benefits that would accrue. The Directors believe that the insurance they have in place is appropriate. The Directors will continue to review the insurance cover in place to ensure that it is adequate.

#### **6.13 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 of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

#### **6.14 Carbon Tax**

The carbon tax, effective from 1 July 2012, is likely to contribute towards increased overheads in the future financial years, the extent of which is unclear. The present Australian Government is taking steps to abolish the carbon tax.

#### **6.15 NGERs reporting regime**

The Company's operations may be subject to reporting and other requirements under the National Incentive and Energy Reporting scheme (NGERS). Changes to the Company's operations and/or this legislation may have an adverse impact on the financial performance and/or financial position of the Company.

#### **6.16 Changes to workplace occupational health and safety legislation**

It is not possible to anticipate the effect on the Company's business from any changes to workplace occupational health and safety legislation. Changes to this legislation may have an adverse impact on the financial performance and/or financial position of the Company.

#### **6.17 Access to infrastructure**

There is currently limited capacity and high demand for rail and port services for the export of mineral products in Australia. In the event that the Company progresses to production, there is no guarantee that suitable and affordable rail and port capacity will be available, which could have a material adverse impact on the Company.

In the event that the Company progresses the development and commercialisation of any of its assets towards production, it will also require the use of both power and water infrastructure. Due to high demand for power and water access, there is a risk that the Company may not be able to procure access to power and water which could have a material adverse impact on the Company.

#### **6.18 Liquidity Risk**

There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly, there is a risk that, should the market for Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

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 pursuant to 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.

#### **6.19 Sovereign Risk**

The Company has invested in an Australian company which has its major assets in Brazil. While Brazil is considered to be one of South America's most politically stable and prosperous nations, it may nevertheless be subject to social and economic uncertainty which could affect that Australian company's access to its projects and subsequent exploration and development. Adverse changes in legislation and Brazilian government policies relating to foreign involvement in mineral exploration and production may affect the investment.

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.

---

## **7. ADDITIONAL INFORMATION**

### **7.1 Litigation**

As at the date of this prospectus the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company except for proceedings brought by the Company against a laboratory which is ongoing.

### **7.2 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 is 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 a 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 enquiries 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 securities 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 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 during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest full year statutory accounts and before the lodgement of this Prospectus with the ASIC are set out in the table below.

<b>Date</b>	<b>Description of Announcement</b>
22/05/14	IFE: Re Release of Magnetite Announcement
20/05/14	IFE: Manganese Technical Review
15/05/14	IFE: Commencement of Manganese Drilling
14/05/14	Outstanding Bulk Sampling Results from Orinoco
05/05/14	Receipt of Research and Development Rebate
01/05/14	Wilcherry Hill Project Update by IronClad Mining
30/04/14	Quarterly Cashflow Report
30/04/14	Quarterly Activities Report
24/04/14	Change of Director's Interest Notice
15/04/14	Final Results for High Grade Zealous Tin Discovery
10/04/14	Change in substantial holding
28/03/14	Change in substantial holding for OGX
21/03/14	Change of Director's Interest Notice
20/03/14	Change in substantial holding for OGX
14/03/14	Half Year Accounts
14/03/14	Loan Agreement
12/03/14	Lapse of Unlisted Options
25/02/14	Orinoco Gold Limited Expands Tinteiro IOCG Project
19/02/14	Zealous Tin Drilling Update
18/02/14	Change in substantial holding for OGX
18/02/14	Orinoco acquires Sertao from Troy

14/02/14	Disclosure Document
14/02/14	Appendix 3B
12/02/14	Placement of Rights Issue Shortfall
31/01/14	Quarterly Activities Report
31/01/14	Quarterly Cashflow Report
30/01/14	Re-release appendices – Manganese intersected by IronClad
28/01/14	Manganese intercepted by IronClad Mining Limited
23/01/14	Drill Programme Completed at Zealous Tin Prospect
20/01/14	Successful Bulk Sampling for Orinoco Gold Limited
14/01/14	Trafford Earns 51% Equity of Twin Peaks & Moorarie Rocks JV
13/01/14	4.8% Tin in Diamond Hole Affirms New High Grade Discovery
13/01/14	IFE Commences First Pass Manganese Drilling
20/12/13	Appendix 3B
18/12/13	Becoming a substantial holder
09/12/13	Competent person statement
09/12/13	Drilling Commences at Tin Prospect
09/12/13	IFE Manganese Joint Venture Signed
03/12/13	Port Approval
03/12/13	IFE S.A. Government Approves Port Development
29/11/13	Trading Halt
29/11/13	Change of Director's Interest Notice
29/11/13	Options Lapse
27/11/13	Exploration Update Wilcherry Hill – South Australia
30/10/13	IFE Initial Manganese Testwork Results
29/10/13	Further High Grade Drill Results from Orinoco Gold
24/10/13	IronClad and Trafford enter into Manganese JV
14/10/13	Results of Meeting
14/10/13	Annual General Meeting Presentation
14/10/13	Letter to Option and Shareholders
14/10/13	Renounceable Rights Issue
14/10/13	Appendix 3B Renounceable Rights Issue
02/10/13	IFE Wilcherry Hill Iron Ore Project Update
24/09/13	Tin and Uranium intersections at Zealous
20/09/13	Release from Escrow
10/09/13	Response to ASX Price Query
10/09/13	Notice of Annual General Meeting/Proxy Form
04/09/13	AMEC 2013 Conference Presentation

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.

The announcements are also available through the Company's website <http://www.traffordresources.com>

### 7.3 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 twelve months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.21	10 <sup>th</sup> September 2013
Lowest	\$0.066	19 <sup>th</sup> May 2014
Last	\$0.07	21 <sup>st</sup> May 2014

### 7.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offers;

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (c) as an inducement to become, or to qualify as, a Director; or
- (d) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offers.

#### Security Holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.<sup>1</sup>



Director	Shares		Options		Performance Rights
	Direct	Indirect	Direct	Indirect	Indirect
Ian D. Finch	1	4,991,795	-	400,000	1,000,000
Mark Le Grange	-	189,307	-	158,605	500,000
Neil W. McKay	218,712	2,798,571	29,750	146,250	500,000
Dr. Allan Trench	-	100,100	-	534,550	-

### Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process.

The structure of non-executive and executive Director remuneration is separate and distinct.

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to Shareholders. The Constitution specifies that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by Shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the Company.

The following table shows the total cash remuneration paid for the period of 1 July 2012 – 30 June 2013 and 1 July 2013 – 31 May 2014 to the Directors (inclusive of superannuation).

Director	2012/2013 \$	2013/2014 \$
Ian Finch	272,500	177,531
Neil McKay	184,319	138,963
Mark Le Grange	283,400	227,240
Allan Trench	52,320	30,520

## **7.5 Interests of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company 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 Shares pursuant to this Prospectus; or
- (c) the Offer of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of 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, Hunt and Humphry 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. Hunt and Humphry 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.

Pursuant to Section 716 of the Corporations Act, Bentleys 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. Bentleys 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.

Pursuant to Section 716 of the Corporations Act, Advanced Share Registry Limited has given, and has not withdrawn its consent to being named as the share registry to the Company in the Corporate Directory of this Prospectus the form and context in which it is named. Advanced Share Registry Limited 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.

## 7.6 Expenses of the Offer

In the event that the Offer is completely subscribed, the total expenses of the Offer are estimated to be approximately \$42,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,100
ASX fees	10,469
Printing, distribution & Share Register	25,000
Contingency	4,431
Total	<b>42,000</b>

## 7.7 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus 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. If you have not, please phone the Company on +61 8 9485 1040 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <http://www.traffordresources.com>.

## 7.8 Financial Forecasts

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

## 7.9 Privacy Act

If you complete an application for Options, 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 holder of equity securities in the Company, 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 Options, the Company may not be able to accept or process your application.

---

## **8. DIRECTOR'S AUTHORISATION**

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

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



---

**IAN D FINCH**  
**MANAGING DIRECTOR**  
For and on behalf of  
**TRAFFORD RESOURCES LIMITED**

---

## 9. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Trafford** or the **Company** means Trafford Resources Limited (ACN 112 257 299).

**Application Form** means the SPP Offer Application Form or SPP Shortfall Offer Application Form, as relevant.

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

**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.

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

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

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other date that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement 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.

**Eligible Shareholders** means Shareholders:

- (a) who were registered holders of Shares on the SPP Record Date; and
- (b) whose registered address was in Australia and New Zealand.

**Offers** means the SPP Offer.

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

**Option** means an option to acquire a Share on the terms and conditions set out in Section 5.1 of this Prospectus.

**Optionholder** means a holder of an Option.

**Prospectus** means this Prospectus.

**Record Date** means 5.00pm (WST) on 21 May 2014.

**Related Parties** means the Directors or their nominees.

**Related Party Issue** means the issue of up to approximately 857,144 Shares to the Related Parties at an issue price of \$0.07 per Share to raise approximately \$60,000.

**Related Party Offer** means the issue of up to 1,714,288 Options exercisable at \$0.10 each, expiring 16 February 2015, on the basis of 2 free Options for every 1 Share subscribed for by Related Parties under the SPP.

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

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

**SPP** means the Company's share purchase plan dated on or about the date of this Prospectus.

**SPP Offer** means the offer to SPP Subscribers of up to 35,714,286 free quoted Options exercisable at \$0.10 each, expiring 16 February 2015, on the basis of 2 free Options for every 1 Share subscribed for by investors under the SPP.

**SPP Offer Application Form** means the application form relevant to subscribers under the SPP in relation to the SPP Offer and either attached to or accompanying this Prospectus.

**SPP Subscriber** means investors who have subscribed under the SPP or the SPP Shortfall.

**Subscriber** means in respect of the SPP, any SPP Subscriber.

**WST** means Western Standard Time as observed in Perth, Western Australia.