



2 April 2014

ASX ANNOUNCEMENT - NON-RENOUNCEABLE RIGHTS ISSUE

Gladiator Resources Limited (ASX: GLA) (**Gladiator** or the **Company**) is pleased to announce a non-renounceable rights issue (**Rights Issue**) of one (1) fully paid ordinary share (**New Shares**) for every one (1) fully paid ordinary shares held as at 5:00pm (WST) on 10 April 2014 (**Record Date**) to shareholders with a registered address in Australia, New Zealand or the British Virgin Islands (**Eligible Shareholders**). Full details of the Rights Issue are set out in the accompanying prospectus, which was lodged with ASIC today (**Prospectus**).

Pursuant to the Rights Issue, the Company will issue 232,985,238 New Shares at an issue price of \$0.004 per New Share to raise additional capital of approximately \$931,941 (before costs of the Right Issue). Upon issue, the New Shares will rank equally in all respects with the Company's existing shares and the Company will apply to ASX for quotation of the New Shares.

In addition, Eligible Shareholders who participate in the Rights Issue will receive one free option (**New Option**) (which will be quoted, subject to ASX approval) for every New Share applied for, exercisable at \$0.006 per New Option on or before 30 June 2017. The terms of the New Options are set out in the Prospectus.

If the Rights Issue is not fully subscribed and there is a shortfall, Eligible Shareholders who accept their entitlement in full under the Rights Issue will have the opportunity to participate in a shortfall invitation and subscribe for additional New Shares and New Options. Further information in relation to the shortfall invitation is set out in the Prospectus.

The Rights Issue is fully underwritten by Union Group International Holdings Limited, an existing substantial shareholder of the Company.

The Company currently intends to use the funds raised from the Rights Issue to fund an exploration drilling campaign in the Zapucay project located in northern Uruguay. Specifically, the proceeds will be utilised to fund a 2,000m drilling campaign that is hoped to prove the existence of new resources in the area. Further information in relation to the Zapucay project and the use of the funds raised from the Rights Issue is set out in the Prospectus.

To participate in the Rights Issue, those persons holding options currently issued by the Company (**Current Options**) (**Option Holders**) will need to convert their Current Options into shares in the Company in accordance with the terms of the Current Options and in time to be registered as a shareholder of the Company on the Record Date. A separate letter will be mailed to each Option Holder in the coming days.

A copy of the Prospectus, together with an entitlement and application form, will be mailed to all Eligible Shareholders on the coming weeks. If you wish to participate in the Rights Issue, please complete and return the entitlement and application form in accordance with the instructions on it.



**GLADIATOR
RESOURCES LTD**

Key Dates

The anticipated timetable for the Rights Issue is as follows:

Date of lodgement of Prospectus with ASIC	2 April 2014
Notice sent to shareholders	3 April 2014
"Ex" date	4 April 2014
Record date to determine entitlements (5pm WST)	10 April 2014
Opening date and Prospectus with entitlement and application form dispatched to Eligible Shareholders	11 April 2014
Closing date for acceptances (at 5:00 pm WST)	30 April 2014
Deferred settlement trading	1 May 2014
Notify ASX of under subscriptions	2 May 2014
Dispatch new holding statements	8 May 2014
Trading of new securities expected to commence	8 May 2014
Official quotation of securities and deferred settlement trading ends	9 May 2014

Andrew Bursill
Company Secretary

GLADIATOR RESOURCES LIMITED
ACN 101 026 859

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of 1 New Share for every 1 Share held by those Shareholders registered at the Record Date at an issue price of \$0.004 per Share in order to raise approximately \$931,941 together with 1 free New Option for every 1 New Share applied for, exercisable at \$0.006 per New Option on or before 30 June 2017 (**Offer**).

The Offer is fully underwritten by Union Group International Holdings Limited. Please refer to Section 11.5 for details of the Underwriting Agreement.

IMPORTANT NOTICE

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

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

CONTENTS

1.	CORPORATE DIRECTORY.....	1
2.	LETTER FROM THE CHAIRMAN	2
3.	TIMETABLE.....	3
4.	SUMMARY OF THE KEY OFFER DETAILS AND FEATURES OF THE OFFER.....	4
5.	IMPORTANT NOTES.....	6
6.	DETAILS OF THE OFFER.....	7
7.	PURPOSE OF THE OFFER AND USE OF FUNDS.....	13
8.	EFFECT OF THE OFFER ON THE COMPANY.....	15
9.	RIGHTS AND LIABILITIES ATTACHING TO SECURITIES.....	20
10.	RISK FACTORS	24
11.	ADDITIONAL INFORMATION	33
12.	DIRECTORS' AUTHORISATION	45
13.	GLOSSARY.....	46

1. CORPORATE DIRECTORY

Directors

Mr Oscar Leon (Non-Executive Chairman)
Mr Andrew Draffin (Non-Executive Director)
Mr Malcolm Draffin (Non-Executive Director)

Company Secretary

Mr Andrew Bursill

Share Registry

Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross WA 6153
Telephone: +61 8 9315 2333

Auditor*

BDO East Coast Partnership
Level 11
1 Margaret Street
SYDNEY NSW 2000

Registered Office

c/- Franks & Associates Pty Ltd
Suite 4, Level 9
341 George Street
SYDNEY NSW 2000

Telephone: + 61 2 9299 9690
Facsimile: +61 2 9299 9629

Email:
Website:
<http://gladiatorresources.com.au>

Solicitors

Minter Ellison

Underwriter

Union Group International Holdings Limited
Plaza Independencia 737
Montevideo 11000
URUGUAY

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. LETTER FROM THE CHAIRMAN

2 April 2014

Dear Shareholder,

As Chairperson of Gladiator Resources Limited ACN 101 026 859 (**GLA**), I have great pleasure in presenting this Prospectus and offering you the opportunity to increase your investment in GLA.

This Prospectus explains the purpose and effect on GLA of the non-renounceable entitlement issue of 1 New Share for every 1 Share held by those Shareholders registered at the Record Date at an issue price of \$0.004 per New Share in order to raise approximately \$931,941 together with 1 free New Option for every 1 New Share applied for, exercisable at \$0.006 per New Option on or before 30 June 2017 (**Offer**).

GLA will also undertake a Shortfall Invitation under which Eligible Shareholders (with the exception of Union Group International Holdings Limited (**Union Group**) who take up their Entitlements in full may apply for additional New Shares and New Options that are available from any Shortfall.

The purpose of the Offer is to raise capital to fund an exploration drilling campaign in the Zapacay project located in northern Uruguay.

The Offer, which will be fully underwritten by Union Group, will close at 5.00pm AWST on 30 April 2014.

If you are an Eligible Shareholder, you may:

- take up all your Entitlement; and
- if you take up all of your Entitlement, apply for additional New Shares and New Options (above your Entitlement),

or do nothing, in which case your Entitlement will lapse and you will not receive any benefits of participating in the Offer.

The Directors join me in offering you the opportunity to participate in the future growth of GLA.

I encourage you to read this Prospectus in full and to participate in the Offer.

Yours faithfully,



Oscar Leon
Non-Executive Chairman
Gladiator Resources Limited

3. TIMETABLE

Lodgement of Prospectus with the ASIC	2 April 2014
Lodgement of Prospectus & Appendix 3B with ASX	2 April 2014
Notice sent to Shareholders	3 April 2014
Ex date	4 April 2014
Record Date for determining Entitlements	10 April 2014
Prospectus despatched to Shareholders & Company announces despatch has been completed	11 April 2014
Closing Date*	30 April 2014
Deferred settlement trading	1 May 2014
ASX notified of under subscriptions	2 May 2014
Despatch of holding statements	8 May 2014
Issue of New Shares and New Options	8 May 2014
Lodgement of Appendix 3B	8 May 2014
Quotation of Securities issued under the Offer*	9 May 2014

*The dates above and other dates referred to in this Prospectus (except the date of this Prospectus) are indicative only. Subject to the ASX Listing Rules and the Corporations Act, the Company with the consent of the Underwriter may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such, the date the Shares are expected to commence trading on ASX may vary.

4. SUMMARY OF THE KEY OFFER DETAILS AND FEATURES OF THE OFFER

4.1 Key Offer details

Offer Price	\$0.004 per New Share payable in full on acceptance
Shares currently on issue	232,985,238
Issued Options currently on issue	137,996,940
Eligible Shareholders' Entitlement	1 New Share for every 1 Share held on the Record Date and 1 free New Option for every 1 New Share applied for
Maximum amount to be raised under the Offer (before costs)	approximately \$931,941
Number of New Shares to be issued under the Offer	232,985,238
Number of New Options to be issued under the Offer	232,985,238
Number of Shares on issue after completion of the Offer†	465,970,476
Number of Options on issue after completion of the Offer†	370,982,178

† Assuming no Issued Options are exercised prior to the Record Date.

4.2 Fully underwritten non-renounceable pro-rata entitlement offer

A fully underwritten non-renounceable pro-rata entitlement offer to Eligible Shareholders of 1 New Share for every 1 Share held at the Record Date, at an issue price of \$0.004 per New Share.

Each Eligible Shareholder will receive 1 free New Option, exercisable at \$0.006 per New Option on 30 June 2017, for every 1 New Share applied for.

Under the Offer, up to 232,985,238 New Shares and 232,985,238 New Options will be offered.

The Offers will raise approximately \$931,941 before Offer costs.

4.3 Underwriter

The underwriter is Union Group International Holdings Limited, a company domiciled in the British Virgin Islands and a major Shareholder.

4.4 Purpose of the Offer

The purpose of the Offer is to raise approximately \$931,941 (before costs of the Offer) to be primarily used to fund an exploration drilling campaign in the Zapacay project located in northern Uruguay. The purpose of the offer and the exploration drilling campaign are described in further detail in section 7.1 and 7.2 of this Prospectus.

4.5 Use of funds

The Company's present intention is to use the funds raised under the Offer as follows (further details are provided in section 7.3 of this Prospectus):

Item	Proceeds of the Offer	Full Subscription (\$)
1.	Exploration drilling campaign	\$840,000
2.	Expenses of the Offer	\$91,941
	Total	\$931,941

As the Offer is fully underwritten, the minimum amount sought to be raised by the Offer is \$931,941. Please see section 11.5 of this Prospectus in relation to the circumstances under which the Underwriting Agreement may be terminated.

4.6 Closing Date

The Offer closes at 5.00pm AWST on 30 April 2014.

5. IMPORTANT NOTES

This Prospectus is dated 2 April 2014 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than the expiry date of 30 April 2015.

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.

It is important that you read this Prospectus in its entirety and seek professional advice in relation to its content where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

A personalised Entitlement and Acceptance Form accompanies this Prospectus. Applications for Securities offered pursuant to this Prospectus can only be submitted by you using an original Entitlement and Acceptance Form.

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 sections 711, 713, 715A and 716 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.

5.1 Risk factors

You should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which you should be aware are set out in Section 10 of this 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 Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. You should consider consulting your professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

6. DETAILS OF THE OFFER

6.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of 1 New Share for every 1 Share held by those Eligible Shareholders registered at 5.00pm AWST on the Record Date at an issue price of \$0.004 per Share in order to raise approximately \$931,941 together with 1 free New Option for every 1 New Share issued, exercisable at \$0.006 per Option on or before 30 June 2017.

A maximum of 232,985,238 New Shares and 232,985,238 free New Options will be issued pursuant to this Offer in order to raise approximately \$931,941 before the costs of the Offer. The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement under the Offer.

The Offer is fully underwritten by Union Group International Holdings Limited.

Under the Offer, Eligible Shareholders may apply on their personalised Entitlement and Acceptance Form for:

- (a) all, or part, of their Entitlement; and
- (b) if the Eligible Shareholder (with the exception of Union Group who will not participate in the Shortfall Invitation) has taken up all of their Entitlement, for additional New Shares and New Options under the Shortfall Invitation, limited only by the 20% voting power threshold in section 606 of the Corporations Act and the available number of remaining New Shares and New Options.

If applications from Eligible Shareholders under the Shortfall Invitation exceed the Shortfall, those applications will be scaled back pro-rata in proportion to each applicant's shareholding as at the Record Date.

There can be no certainty that there will be a Shortfall or that Eligible Shareholders will receive the number of additional New Shares, together with the additional New Options, applied for under the Shortfall Invitation. If there is no Shortfall or if applications from Eligible Shareholders under the Shortfall Invitation exceed the Shortfall and there is a pro-rata scale back, any overpaid Application Monies relating to the Shortfall will be returned to the relevant applicants as soon as practicable following the Closing Date, without interest and only where the amount refundable to an applicant is \$1.00 or greater.

The balance of New Shares and New Options (if any) that are not taken up under the Offer, including under the Shortfall Invitation, will flow through to the Underwriter.

As at the date of this Prospectus the Company has 137,996,940 Issued Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 8.6 of this Prospectus for information on the exercise price and expiry date of the Issued Options on issue.

All of the New Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 9.1 for further information regarding the rights and liabilities attaching to the New Shares.

Terms and conditions of the free New Options are set out in Section 9.2. The Company will apply for Official Quotation of the New Options on completion of the Offer.

The purpose of the Offer and the intended use of funds raised are set out in Section 7 of this Prospectus.

The Entitlement of each Eligible Shareholder under the Offer is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus.

6.2 Minimum subscription

As the Offer is being fully underwritten by Union Group, the minimum subscription in respect of the Offer is approximately \$931,941. No Securities will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application Monies to those Eligible Shareholders who have accepted the Offer by taking up (wholly or in part) their Entitlement or issue a supplementary prospectus or replacement prospectus and allow Eligible Shareholders one month to withdraw their Application and be repaid their Application Monies.

6.3 How to accept the Offer

Your acceptance of the Offer must be made using the personalised Entitlement and Acceptance Form accompanying this Prospectus.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate Application Monies (at \$0.004 per Share);
- (c) if you wish to take up the Shortfall Invitation and have accepted your full Entitlement in accordance with paragraph (a), and wish to apply for **more** than your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.004 per Share); or

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

6.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Gladiator – Subscription Account**” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Company’s share registry no later than **5.00pm (AWST)** on the Closing Date as follows:

Hand Delivery:

Gladiator Resources Limited
C/- Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross WA 6153

Mailing Address:

Gladiator Resources Limited
C/- Security Transfer Registrars Pty Limited
PO Box 535
Applecross WA 6953

6.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5.00pm (AWST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Any Application Monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater per Applicant) will be refunded. No interest will be paid on any Application Monies received or refunded.

6.6 Underwriting

The Offer is fully underwritten by Union Group International Holdings Limited (**Underwriter**).

The Underwriter is a company that invests in underdeveloped natural resources in high growth Latin American economies. The Underwriter is also a major Shareholder of the Company and may increase its interest in the Company as a result of the underwriting arrangements. Further details in relation to the impact of the Offer on the control of the Company is further discussed at section 8.3 of this Prospectus.

The Company will pay the Underwriter an underwriting fee of 3% of the full amount to be raised under the Offer, being a fee of \$27,958 (excluding GST) for its services.

Further details of the Underwriting Agreement are set out in Section 11.5.

6.7 Shortfall Invitation

The Offer will comprise a Shortfall Invitation as described in Section 6.1 above.

6.8 ASX listing

Application within seven days after the date of this Prospectus for Official Quotation of the Securities issued pursuant to this Prospectus will be made in accordance with the timetable set out in Section 3 of this Prospectus. If ASX does not grant Official Quotation of the Securities issued pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

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

6.9 Allotment

Securities issued pursuant to the Offer are expected to be allotted in accordance with the ASX Listing Rules and timetable set out in Section 3 of this Prospectus (subject to ASX granting permission for Official Quotation of the New Shares and New Options).

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

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares or New Options. Shareholders who sell New Shares or New Options before they receive their holding statement do so at their own risk.

6.10 Overseas Shareholders

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make

the Offer. No action has been taken to register or qualify the New Shares, New Options or the Offer or otherwise to permit an offering of the New Shares or New Options in any jurisdiction outside Australia, New Zealand and the British Virgin Islands. The Company's major shareholder and Underwriter of the Offer, Union Group, is domiciled in the British Virgin Islands and may hence participate in the Offer.

In particular, this Prospectus and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "US Persons" (as defined in Regulation S under the US Securities Act of 1933, as amended (**Securities Act**) (**US Persons**)). None of this Prospectus, the Entitlement and Acceptance Form, the Chairman's letter, the ASX announcements in respect of the Offer and the investor presentation in respect of the Offer may be distributed or released in the United States. The New Shares and New Options have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The New Shares and New Options may not be offered, or sold, or resold, in the United States or to, or for the account or benefit of, any US Persons, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States. The New Shares and New Options may not be deposited in any existing unrestricted American Depository Receipt Facility or such future program with respect to the securities of the Company that has been or may be established until 40 days following the completion of the Offer.

It is not practicable for the Company to comply with the securities laws of other overseas jurisdictions, having regard to the number of Ineligible Shareholders, the number and value of the Securities these Ineligible Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended to, and the Shares and New Options will not be issued to, Ineligible Shareholders.

In this regard, approximately 7,369,883 New Shares and 7,369,883 New Options will not be offered to Ineligible Shareholders under the Offer.

The Company will appoint a nominee for Ineligible Shareholders to arrange for the sale of the New Shares, together with the New Options, which would have been available for Ineligible Shareholders had they been eligible to participate in the Offer. The nominee will distribute any proceeds of sale (above the Issue Price and net of expenses) proportionately to Ineligible Shareholders.

Shareholders should note that the nominee is not acting as agent for Shareholders (including Ineligible Shareholders) and manages the sale process under section 615 of the Corporations Act in respect of the Offer for and at the request of the Company only. The nominee owes no duties (fiduciary or otherwise) to Shareholders (including Ineligible Shares and will have absolute and sole discretion, taking into account market conditions, to determine the timing and the price at which the New Shares and New Options may be sold, to whom and the matter of any such sale. If, in the reasonable opinion of the nominee, a sale price in excess of the Issue Price cannot be obtained in respect of the New Shares and New Options which would have been available for Ineligible Shareholders had they been eligible to participate in the Offer, the Underwriter has agreed pursuant to the terms of the Underwriting Agreement to take up those New Shares and New Options for the Issue Price.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia, New Zealand or the British Virgin Islands holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

6.11 British Virgin Islands Offer Restriction

New Shares and New Options may be offered to Shareholders who are British Virgin Islands business companies (from outside the British Virgin Islands) without restriction. A British Virgin Islands business company is a company formed under or otherwise governed by the BVI Business Companies Act, 2004 (British Virgin Islands). New Shares and New Options are otherwise restricted from being offered in the British Virgin Islands unless the Company, being the person offering the New Shares and New Options, is licensed to carry on business in the British Virgin Islands. The Company is not licensed to carry on business in the British Virgin Islands.

6.12 Enquiries

Any questions concerning the Offer should be directed to Mr Andrew Draffin, on +61 3 9620 0033.

7. PURPOSE OF THE OFFER AND USE OF FUNDS

7.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$931,941 of which approximately \$840,000 will be used to fund an exploration drilling campaign in the Zapacay project located in northern Uruguay.

As at 20 March 2014, the cash position of the Company is approximately \$423,000 and the Company estimates that its current capital position will allow the Company to continue operating for approximately 6 months (assuming that the Offer does not go ahead). Therefore, determining the economic feasibility of the Zapacay project is critical to the Company's future operations and capital.

7.2 Exploration drilling campaign

The exploration drilling campaign is part of the Isla Cristina Belt joint venture between the Company and Orosur Mining Inc (in which the Company has a 51% interest in the underlying tenements, together with the right to acquire an additional 29% interest upon the completion of a bankable feasibility study). The tenements comprising the Isla Cristina Belt joint venture cover an area of approximately 750km². Separately to the Isla Cristina Belt joint venture, the Company also has two prospecting permit applications in respect of the Isla Cristina Belt area which cover an additional 210km². The underlying tenements and the prospecting permit applications subject to the exploration drilling campaign which will be funded by the Offer are currently all in good standing. The latest annual report of the Company, announced to the market on 1 October 2013, contains further information in relation to the tenements and prospecting permit applications, including details as to their status. .

The exploration drilling campaign is hoped to prove the existence of new resources in the Zapacay area which will allow the Company to estimate the resources that can support the development of the Zapacay project. The Zapacay area includes Papagayo, Iman and Buena Orden magnetite deposits and the Isla Christina Belt is considered to be prospective for a number of commodities, including iron ore, nickel and copper. The exploration drilling campaign is expected comprise:

- (a) 2,000 metres of inclined diamond drilling (9 holes in the Zapacay area: 8 holes at the Cerro Papagayo target and 1 hole in the Cerro Iman target, with the hole depths to range from 175m to 300m);
- (b) head assays of mineral samples by XRF and David Tube to assess the magnetic recoverable iron; and
- (c) metallurgical test work of mineral samples.

The exploration drilling campaign is intended to be conducted between July and November 2014. The following table is a breakdown of the expected costs of the exploration drilling campaign.

ACTIVITY	BUDGET (\$)	%
Diamond drilling 2,100 m	445,000	53%

Operating costs (site preparation, facilities, lab assays, downhole surveys, oriented cores)	111,000	14%
Working costs	167,000	20%
Consultants	27,800	3%
Metallurgical tests / DTR	55,600	7%
Contingency	27,800	3%
TOTAL	834,200	100%

7.3 Use of funds

The Company's present intention is to use the funds raised from the Offer in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)
1.	Exploration drilling campaign	\$840,000
2.	Expenses of the Offer ¹	\$91,941
	Total	\$931,941

Notes:

1. Refer to Section 11.9 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions of the Company as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

8. EFFECT OF THE OFFER ON THE COMPANY

8.1 Effect of the Offer

The Offer will have an effect on the capital structure, control and financial position of the Company.

The principal effect of the Offer, assuming all Entitlements are taken up and no Issued Options are exercised prior to the Record Date, will be to:

- (i) increase the Company's cash reserves by \$840,000 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (ii) increase the number of Shares on issue from 232,985,238 as at the date of this Prospectus to 465,970,476 Shares and the number of Options on issue from 137,996,940 Options to 370,982,178 Options.

8.2 Details of substantial holders

Based on publicly available information as at 31 March 2014, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue in the Company (on an undiluted basis) are set out below:

Shareholder	Shares	%
Union Group International Holdings Limited and related parties	43,607,675	18.72

If all Entitlements are taken up there will be no change to the substantial holders on completion of the Offer.

If you do not take up your Entitlement under the Offer your current shareholding will be diluted. Ineligible Shareholders will have their holdings diluted by the Offer.

8.3 Impact on control of the Company

Under the terms of the Underwriting Agreement, Union Group International Holdings Limited has agreed to fully underwrite the Offer (including the Shortfall Invitation if it is not fully subscribed for). Further details of the underwriting arrangements are set out in section 11.5 of this Prospectus.

Union Group may increase its voting power in the Company as a result of:

- (a) its participating in the Offer as an Eligible Shareholder; and
- (b) the underwriting arrangements.

The extent of any such increase will depend on the amount of any Shortfall and the level of participation by other Eligible Shareholders who have accepted their Entitlement in full in the Shortfall Invitation (Union Group will not participate in the Shortfall Invitation).

The Company made enquiries into entering into an alternative underwriting or sub-underwriting arrangements with a number of professional investors, but has been unsuccessful in securing any such alternative arrangements.

The Directors cannot speculate as to the extent that Eligible Shareholders will take up their Entitlements or the level of voting power the Union Group will have after completion of the Offer.

However, the following table sets out the approximate effect on the voting power of Union Group under the various scenarios described below. As indicated in the below table, if all Eligible Shareholders accept their Entitlements in full, Union Group's voting power will not materially change:

	No Shortfall	50% Shortfall & other Eligible Shareholders take up 50% of Shortfall under the Shortfall Invitation	50% Shortfall and no applications made under the Shortfall Invitation	100% Shortfall
Voting power	18.72%	28.88%	39.04%	59.36%

Notes:

1. The column headed 'No Shortfall' sets out the voting power of Union Group assuming that all Eligible Shareholders take up their Entitlements in full.
2. The column headed '50% Shortfall & other Eligible Shareholders take up 50% of Shortfall under the Shortfall Invitation' sets out the voting power of Union Group in the Company assuming that:
 - (a) Eligible Shareholders take up 50% of their Entitlements under the Offer;
 - (b) Eligible Shareholders who take up all of their Entitlement elect to subscribe for 50% of the remaining New Shares and New Options under the Shortfall Invitation; and
 - (c) the remaining New Shares and New Options comprising the Shortfall are allocated to Union Group under the underwriting arrangements.
3. The column headed '50% Shortfall and no applications made under the Shortfall Invitation ' sets out the voting power of Union Group in the Company assuming that:
 - (a) Eligible Shareholders take up 50% of their Entitlements under the Offer;
 - (b) there is no participation in the Shortfall Invitation by other Eligible Shareholders who have accepted their Entitlement in full; and
 - (c) the remaining New Shares and New Option comprising the Shortfall are allocated to Union Group under the underwriting arrangements.
4. The column headed '100% Shortfall' sets out the voting power of Union Group in the Company assuming that other Eligible Shareholders do not take up any of their Entitlements under the Offer, and as a result cannot participate in the Shortfall Invitation, and all New Shares and New Options comprising the Shortfall are allocated to Union Group under the underwriting arrangements.
5. The above table has been calculated on an undiluted basis and does not take into account the exercise of the Issued Options (or the New Options).

6. The calculations underlying the above table are inclusive of the sale of Entitlements of Ineligible Shareholders by the nominee as described in Section 6.10 of this Prospectus.

8.4 Intentions of the Underwriter

If Union Group significantly increases its voting power in the Company as a result of its participation in the Offer as an Eligible Shareholder and the underwriting arrangements:

- (a) Union Group's present intention is to exercise its voting power to cause the Company to continue its current business in the ordinary course and to pursue the strategies outlines in this Prospectus and as announced to the market; and
- (b) Union Group has no present intention to cause the direction or business of the Company, to enter into any related party transactions with the Company, to materially restructure the employment arrangements of the Company or to redeploy any of its fixed assets, other than as outlined in this Prospectus and as announced to the market.

8.5 Pro-forma balance sheet

The audited balance sheet as at 31 December 2013 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 Entitlements are taken up, no Issued Options are exercised prior to the Record Date and including expenses of the Offer.

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

	Notes	(Audited) 31 December 2013	(unaudited) Pro-forma
		\$	\$
Current Assets			
Cash assets	1	1,060,855	1,900,855
Receivables and other receivables		570,778	570,778
Total current assets		<u>1,631,663</u>	<u>2,471,633</u>
Non Current Assets			
Plant & equipment		60,869	60,869

Other financial assets	21,618	21,618
Mineral exploration and evaluation expenditure	14,394,599	14,394,599
Total non-current assets	<u>14,477,086</u>	<u>14,477,086</u>
Total assets	<u>16,108,749</u>	<u>16,948,719</u>

Current Liabilities

Trade and other payables	980,897	980,897
Total liabilities	<u>980,897</u>	<u>980,897</u>

Net assets	<u>15,127,852</u>	<u>15,967,822</u>
-------------------	-------------------	-------------------

Equity

Issued capital	2	18,005,194	18,937,135
Reserves		3,010,375	3,010,375
Accumulated losses brought forward		5,887,717	5,887,717
Total equity		<u>15,260,107</u>	<u>16,192,048</u>

Note 1 : Cash

	\$
Balance at 31 December 2013	1,060,885
Funds raised pursuant to Offer	931,941
Expenses of the issue	<u>-91,941</u>
Closing balance	<u>1,900,855</u>

Note 2 : Issued capital

	\$
Balance at 31 December 2013	18,005,194
Issue of New Shares and New Options pursuant to this Prospectus	931,941
Closing balance	<u>18,937,135</u>

8.6 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are taken up and no Issued Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	232,985,238
New Shares offered pursuant to the Offer	232,985,238
Total Shares on issue after completion of the Offer	465,970,476

Options

	Number
Issue Options (Quoted exercisable at \$0.10 on or before 30 June 2015)	137,996,940
New Options offered pursuant to the Offer (Quoted exercisable at \$0.006 on or before 30 June 2017)	232,985,238
Total Options on issue after completion of the Offer	370,982,178

9. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

9.1 New Shares

The New Shares to be issued pursuant to this Prospectus are ordinary shares and will, as from their allotment, rank equally in all respects with all existing Shares. The New Shares will be governed by the Corporations Act, the ASX Listing Rules and the Constitution of the Company. The following is a summary of the more significant rights and liabilities attaching to the New Shares. 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 New 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.

General meetings and notices

Each Shareholder will be entitled to receive notice of general meetings of the Company.

Shareholders are entitled to be present in person, or by proxy, attorney or representative (in the case of a Shareholder who is a body corporate) to attend and vote at general meetings of the Company.

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

Each Shareholder will be entitled to receive all notices, accounts and other documents required to be sent to Shareholders in accordance with the Constitution, the ASX Listing Rules and the Corporations Act.

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:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative (in the case of a Shareholder who is a body corporate);
- (b) on a show of hands, every Shareholder present in person, or by proxy, attorney or representative has one vote; and
- (c) on a poll, every Shareholder present in person, or by proxy, attorney or representative has one vote for each Share held and a fraction of a vote for each partly paid Share equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) on the Share.

In the case of an equality of votes, the Chairman does not have a casting vote in addition to the Chairman's deliberative vote (if any).

Dividend rights

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, the Company may from time to time pay dividends as the Directors so resolve out of the profits of the Company. All dividends must be paid proportionately to the amounts paid (not credited) on the Shares during any portion or portions of the period in respect of which the dividend is paid.

No dividend shall carry interest as against the Company.

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 assets of the Company, and may for that purpose, set such value as the liquidator considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the shareholders 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.

Shareholder liability

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

Transfer of shares

Generally, Shares in the Company are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act. The Directors may decline to register any transfer of Shares or apply a holding lock to prevent a transfer, but only where permitted to do so by the ASX Listing Rules, the ASX Settlement Operating Rules or under the Constitution.

Future increase in capital

The Directors may issue Shares or Options to any person on such terms as the Directors determine, subject to the Corporations Act, ASX Listing Rules and the Constitution, and without prejudice to any special rights of the holders of existing securities or class of securities.

Variation of rights

Subject to the Corporations Act, where shares of different classes are on issue, the rights attaching to the shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of those shares of that class, or with the written consent of the holders of at least 75% of the issued shares in that class.

At present, the Company only has ordinary Shares on issue.

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.

Buy Backs

Subject to applicable laws, in particular the Corporations Act and the ASX Listing Rules, the Company may buy back shares on such terms and conditions as the Board may determine from time to time.

9.2 New Options

The New Options issued pursuant to this Prospectus will be issued on the following terms and conditions:

(a) **Entitlement**

Each New Option entitles the holder to acquire by way of issue one Share upon the exercise of the New Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each New Option will be \$0.006 (**Exercise Price**).

(c) **Expiry Date**

Each New Option will expire at 5.00pm (AWST) on 30 June 2017 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise of New Options**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if it is admitted to the official list of ASX at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise of New Options**

Shares issued on exercise of the New Options rank equally in all respects with the Company's then existing Shares.

(i) **Official Quotation of Shares issued on exercise of New Options**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the New Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(l) **Change in exercise price**

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying Shares over which the New Option can be exercised.

(m) **Quoted**

The Company will apply for Official Quotation of the New Options on ASX.

(n) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

10. RISK FACTORS

The Securities offered under this Prospectus are considered highly speculative.

An investment in the Company is not risk free and the Directors strongly recommend that you to consider the risk factors described below that could affect the financial performance of the Company and the market price of the Securities, together with information contained elsewhere in this Prospectus, and to consult their professional advisers before you decide whether to apply for Securities 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 Securities.

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

10.1 Company specific

(a) **Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are taken up and no Issued Options are exercised prior to the Record Date, the number of Shares in the Company will increase from 232,985,238 currently on issue to 465,970,476. This means that each Share will represent a significantly lower proportion of the ownership of the Company. The number of Options on issue will also increase from 137,996,940 to 370,982,178.

It is not possible to predict what the value of the Company or a Security will be following the completion of the Offer and the Directors do not make any representation as to such matters.

The last trading price of the securities on ASX prior to the prospectus being lodged is not a reliable indicator as to the potential trading price of the Securities after implementation of the Offer.

(b) **Potential effects on control**

As set out in Section 8.3, upon completion of the Offer, assuming no Entitlements are taken up under the Offer (and therefore no Eligible Shareholders are entitled to participate in the Shortfall Invitation) and no Issued Options are exercised prior to the Record Date, Union Group International Holdings Limited as the Underwriter would be issued 232,985,238 ordinary shares pursuant to the underwriting arrangements, taking its percentage ownership in the Company from 18.72% to 59.36%.

10.2 Industry specific

(a) **Future capital requirements**

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing, if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(b) **Title risks**

All prospecting, exploration and mining licences and titles in Uruguay are granted by the Government of Uruguay for finite periods of time. The Government is bound by strict rules of priority of application, and security of title once granted. However, Uruguay is a sovereign state, and there can be no guarantee that the Government of Uruguay will grant, continue to grant or respect mining titles and that the titles of the properties will not be challenged or negated for political or legal reasons. Individual titles expire from time to time and the Company manages the process of retaining its rights by re-application or conversion to other forms of title relevant to each stage of development. The process of re-application involves some risk however, as released titles must fall open before they can be re-applied for.

Section 7.2 of this Prospectus sets out relevant information in relation to the status of the tenements and prospecting permit applications owned

by the Company or partly owned by the Company under the joint venture arrangements.

(c) **Overseas risks**

The Company's primary project is its joint venture with Orosur Mining Inc in Uruguay for iron ore, manganese ore and base metals. Investing and operating in foreign jurisdictions carries political, economic and other uncertainties, including but not limited to changes in mining and exploration policies or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual risk, foreign exchange restrictions, currency exchange rate fluctuation, royalty and tax increase and other risks arising out of foreign government sovereignty over the areas in which the Company's operations are conducted. Any of these factors could result in conditions that delay or in fact prevent the Company from exploring or ultimately developing any of its potential foreign projects.

(d) **Licences and permits**

The Company's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, tenements, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

(e) **Exploration and evaluation risks**

The success of the Company depends on the delineation of economically minable reserves and resources in the Isla Cristalina Belt in Uruguay, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

(f) **Ability to exploit successful discoveries**

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploration would involve obtaining the necessary licenses or clearances from the relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploration may require participation of other companies whose interests and objectives may not be the same as the Company's.

(g) **Mining and development risk**

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

(h) **Resource estimations**

Resource estimates are expressions of judgement based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(i) **Environmental risks**

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their offices, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures, or production costs, or reduction in levels of production at producing properties, or require abandonment or delays in development of new mining properties.

(j) **Joint venture parties, agents and contractors**

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

(k) **Potential acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

(l) **Reliance on Key Personnel**

The Company is reliant on key personnel employed or engaged by the Company. Loss of such personnel may have a material adverse impact on the performance of the Company. In addition, the recruiting of qualified personnel is critical to the Company's success. As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. While the company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

(m) **Insurance and uninsured risks**

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failure, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Company may decide

not to insure against certain risks because of high premiums or other reasons.

Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

(n) **Government regulation**

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the exploration and development activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

(o) **Mining is inherently dangerous and subject to conditions or events beyond the control of the Company, and any operating hazards could have a material adverse effect on its business**

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards; industrial accidents; metallurgical and other processing problems; unusual or unexpected rock formations; structure cave-in or slides; flooding; fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of pre grades and commodity prices affect successful project development.

(p) **Commodity price and exchange rate risks**

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose 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 commonly 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.

In addition to adversely affecting the reserve estimates of the Company and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

(q) **Economic risks**

General economic conditions in Australia and internationally, movements in interest, inflation and currency exchange rates, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws and changes to dividend imputation in Australia may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

(r) **Market conditions**

The market price on new securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return in an investment in the Company.

(s) **Stock exchange prices**

The market price of a publicly traded stock is affected by many variables not all of which are directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance or underlying asset values of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities.

(t) **Liquidity risk**

There may be relatively few buyers or sellers on ASX at any given time. This may affect the volatility of the market price of the securities and the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.

(u) **Other risks**

Other risks factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Company's business or trade.

10.3 **General risks**

(a) **Economic**

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

(b) **Market conditions**

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

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

There is no guarantee that the capital raised under this Offer will be adequate or sufficient to achieve its stated objectives. Even if the Offer is successfully completed, the Company may continue to need to secure additional working capital and separate funding for its exploration projects. There is no guarantee that the Company will be able to secure such funding either at all or on terms and conditions that are acceptable to it.

If additional funds are raised by issuing securities, this may result in additional dilution to the Shareholders. The pricing of future share issues will also depend on the results of the Company's exploration projects, market factors, demand for shares and the need for capital. If the Company is unable to secure funding in the short term, there is a risk that the company will not be able to continue operating.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to future profitability or the payment of dividends or franking credits attaching to dividends can be given by the Company as these elements are dependent on the success of the Company's future programs.

(e) **Taxation**

The acquisition and disposal of Shares and Options will have tax consequences, which will differ depending on your individual financial affairs. You are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

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

(f) **Forward-looking statements**

Any forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance and achievements to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statement. Factors that could cause these differences include the risk factors set out in this investment.

10.4 Speculative investment

You should not consider the above list of risk factors as an 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 Securities offered under this Prospectus.

Therefore, the Securities 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.

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

11. ADDITIONAL INFORMATION

11.1 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.

For completeness, the Company notes that it has recently reached settlement of a legal dispute with a former director of the Company in relation to certain consultancy fees allegedly payable by the Company under consultancy agreements in connection with the director's resignation as a director of the Company.

11.2 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 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" issued under section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class which has been continuously quoted by ASX at all times during the 12 months before the date of the Prospectus, or options to acquire such securities. Apart from prescribed matters, in general terms a "transaction specific prospectus" is only required to contain information in relation to the terms and conditions of the offer, 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. You should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the financial 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 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 ASIC;
 - (ii) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with 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 ASIC.

Copies of all documents lodged with 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 annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description of Announcement
28/03/2014	Director Resignation
28/03/2014	Final Director's Interest Notice
27/03/2014	Resignation of Director
27/03/2014	Final Director's Interest Notice
18/03/2014	Amended Half Year report
14/03/2014	Half year accounts
31/01/2014	Quarterly Activities Report and Appendix 5B
28/11/2013	Cleansing Notice and Appendix 3B
21/11/2013	Results of Meeting
21/11/2013	Receipt of R&D Tax Rebate
31/10/2013	Quarterly Activities Report and Cash Flow Report

Date	Description of Announcement
23/10/2013	Notice of Annual General Meeting/Proxy Form

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.

11.3 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 and Issued Options on ASX during the three calendar months immediately preceding the date of lodgement of this Prospectus:

Shares

3 month high	\$0.010	7 February 2014
3 month low	\$0.004	28 March 2014
Last	\$0.004	31 March 2014

Options

3 month high	No trades	
3 month low	No trades	
Last	\$0.001	31 March 2014

11.4 Material contracts

On 4 August 2010, the Company announced to the market that it had entered into an Option and Joint Venture Agreement with Orosur Mining Inc (**Joint Venture Agreement**).

Under the Joint Venture Agreement, the Company has a 51% interest in the tenements in the Zapucay area, together with the right to acquire an additional 29% interest upon the completion of a bankable feasibility study by no later than 31 December 2015. The key commercial terms of the Joint Venture Agreement are set out in the Company's ASX announcement dated 4 August 2010.

11.5 Underwriting Agreement

On the basis of an underwriting agreement entered into on arms-length terms between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the 232,985,238 New Shares and 232,985,238 free New Options issued under the Offer by subscribing for any

Shortfall Securities (**Underwritten Securities**). The amount underwritten by the Underwriter is approximately \$931,941.

The Underwriter may (at its own cost) at any time in its absolute discretion appoint sub-underwriters to sub-underwrite the Offer. The appointment of any such sub-underwriters will not limit the obligations of the Underwriter arising under the Underwriting Agreement.

The Underwriter is entitled to receive:

- (a) a fee of 3% of the total funds to be raised by the Offer, being a fee of \$27,958 (excluding GST); and
- (b) all reasonable outgoings, costs, expenses, fees, commissions, disbursements, charges, taxes or duties incurred by the Underwriter in connection with the Offer (including, but not limited to, legal fees, travel, postage and accommodation expenses and disbursements).

Under the Underwriting Agreement, the Company has agreed to indemnify the Underwriter and its directors, officers, employees and advisers (**Indemnified Parties**) against all losses, expenses, damages and costs (on a solicitor and own client basis and whether incurred by or awarded against the Indemnified Parties), outgoings and payments (**Losses**) that any Indemnified Party may sustain or incur as a result, whether directly or indirectly, of:

- (a) any warranty given by the Company under the Underwriting Agreement being untrue, inaccurate or misleading or any breach by the Company of the Underwriting Agreement;
- (b) a claim (other than one for fees or expenses that are the responsibility of the Underwriter under the Underwriting Agreement) in relation to the offer;
- (c) the Prospectus;
- (d) any announcement, advertising, publicity or other promotion made or distributed by the Company in relation to the Prospectus or the Offer; or
- (e) any investigations, enquiries, legal proceedings or review of the Prospectus undertaken by ASIC, ASX or other regulatory body.

The indemnity does not apply to any losses incurred as a result of:

- (f) wilful misconduct of an Indemnified Party in relation to the Offer or the Prospectus;
- (g) any penalty or fine which an Indemnified Party is required to pay for any contravention of the Corporations Act;
- (h) any announcement, advertisement or publicity made or distributed by an Indemnified Party in relation to the Underwriting Agreement, the Prospectus or the Offer if the content of the announcement, advertisement or publicity was not first approved by the Company; or
- (i) any obligation of the Underwriter to subscribe for the Shortfall under the Underwriting Agreement.

The obligation of the Underwriter to underwrite the Offer is subject to a number of termination events. The Underwriter may terminate its obligations under the Underwriting Agreement if (amongst other things):

- (a) **(ASX Indices fall)** The All Ordinaries Index is, for three consecutive Business Days, at a level which is 90% or less than the level at the close of trading on the date of the Underwriting Agreement;
- (b) **(Change in law)** Any of the following occurs which does or is likely to prohibit, restrict or regulate the Issue or materially reduces the level or likely level of Valid Applications:
 - (i) the introduction of legislation into the parliament of the Commonwealth of Australia or of any State or Territory of Australia;
 - (ii) the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory; or
 - (iii) the adoption by ASIC or its delegates or the Reserve Bank of Australia of any regulations or policy.
- (j) **(Breach of significant contracts)** A significant or material contract referred to in the Prospectus is, without the prior consent of the Underwriter:
 - (i) breached by the Company or a Related Body Corporate;
 - (ii) terminated (whether by breach or otherwise);
 - (iii) altered or amended in any way; or
 - (iv) found to be void or voidable.
- (c) **(Listing)**
 - (i) ASX makes any official statement to any person, or indicates to the Company or the Underwriter that an ASX Approval will not be given; or
 - (ii) an ASX Approval has not been given before the Closing Date.
- (d) **(Default)** The Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under Underwriting Agreement and that default or breach is either incapable of remedy or is not remedied within five Business Days after it occurs.
- (e) **(Capital structure)** The Company or a Related Body Corporate alters its capital structure without the prior written consent of the Underwriter, except for the conversion of the Issued Options into Shares.
- (f) **(Constitution altered)** The constitution or any other constituent document of the Company or a Related Body Corporate is amended without the prior written consent of the Underwriter, which consent must not be unreasonably withheld.

- (g) **(Financial assistance)** The Company or a Related Body Corporate seeks the approval of Shareholders under section 260B of the Corporations Act, without the prior written consent of the Underwriter.
- (h) **(Business)** The Company or a Related Body Corporate:
- (i) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; or
 - (ii) ceases or threatens to cease to carry on business,
- in either case without the prior written consent of the Underwriter.
- (i) **(Hostilities)** There is an outbreak of hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities occurs, involving any one or more of the following:
- (i) Australia;
 - (ii) the United Kingdom;
 - (iii) the United States of America;
 - (iv) the Peoples Republic of China; or
 - (v) Japan.
- (j) **(Financial position)** A materially adverse change, or development involving a prospective materially adverse change, occurs in the financial or trading position of the Company or a Related Body Corporate.
- (k) **(Prospectus)** Without limiting any other paragraph:
- (i) there is a material omission from the Prospectus;
 - (ii) the Prospectus contains a misleading or deceptive statement;
 - (iii) a statement in the Prospectus becomes misleading or deceptive;
 - (iv) the Prospectus does not comply with section 713 of the Corporations Act; or
 - (v) a matter referred to in section 719 of the Corporations Act occurs in respect of the Prospectus.
- (l) **(Corporations Act)** Without limiting any other paragraph:
- (i) ASIC applies for an order under section 1324B of the Corporations Act in relation to the Prospectus and the application is not dismissed or withdrawn before the Closing Date;
 - (ii) a person gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
 - (iii) ASIC gives notice of intention to hold a hearing in relation to the Prospectus under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or

- (iv) any person (other than the Underwriter) who consented to being named in the Prospectus withdraws that consent.
- (m) **(Supplementary prospectus)** The Underwriter reasonably forms the view that a supplementary or a replacement document must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a supplementary or a replacement document in the form, with the content and within the time reasonably required by the Underwriter.
- (n) **(Indictable offence)** A director (or, if he is not a director, the Chief Financial Officer or the Chief Operating Officer) of the Company or a Related Body Corporate is charged with an indictable offence relating to a financial or corporate matter.
- (o) **(Insolvency event)** An Insolvency Event occurs with respect to the Company or a Related Body Corporate.
- (p) **(Charge)** The Company or a Related Body Corporate charges or agrees to charge, the whole, or a substantial part of its business or property.
- (q) **(Listing Rules)** The Company commits a material breach of the Listing Rules.

The intentions of the Underwriter and the impact on control of the Company of the underwriting arrangements are set out in Sections 8.3 and 8.4 of this Prospectus respectively.

11.6 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 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 Offer; or
- (c) the Offer,

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

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

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	New Shares	New Options	\$
Oscar Leon	0	0	0	0	0
Andrew Draffin	0	0	0	0	0
Malcolm Draffin	0	0	0	0	0

Remuneration

The total maximum remuneration of non-executive Directors is set by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made in such proportion and manner as the Board agrees or in default of agreement, equally. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to Directors and former Directors of the Company.

Director	2012	2013	2014
Oscar Leon	-	\$6,845 ¹	\$25,000
Daniel Bruno ²	\$123,613	\$33,411	\$6,250
Andrew Draffin	-	0 ³	\$25,000
Malcolm Draffin	-	0 ⁴	\$25,000
Juan Martin Jorge	-	0 ⁵	\$6,250
Mark Gordon	-	\$54,200	n/a
Robert Adams	\$442,599	\$371,153	n/a
David Argyle	-	-	n/a
Alec Pismiris	-	\$13,175	n/a
Stuart Hall	\$36,000	\$19,272	n/a
Leonard Dean	\$82,753	\$46,890	n/a
John Palermo	\$291,478	\$446,705	n/a

¹ Oscar Leon was appointed as a Director on 22 March 2013.

² As part of his remuneration, Daniel Bruno received share based payments of \$18,400 in 2013 and \$72,829 in 2012. There has since been a change of remuneration policy. Currently there are no performance-based components built into Director remuneration packages. The number of securities in which Daniel Bruno has an interest are set out in the Appendix 3Z Final Director's Interest Notice lodged with ASX on 28 March 2014. Daniel Bruno resigned a Director of the Company on 28 March 2014.

³ Andrew Draffin was appointed as a Director on 21 May 2013. Directors' fees are payable quarterly in arrears.

⁴ Malcolm Draffin was appointed as a Director on 22 March 2013. Directors' fees are payable quarterly in arrears.

⁵ Juan Martin Jorge was appointed as a Director on 7 May 2013. Directors' fees are payable quarterly in arrears. Juan Martin Jorge resigned as a Director of the Company on 27 March 2014.

11.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) 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;
- (b) promoter of the Company; or
- (c) underwriter to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with 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 Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Minter Ellison has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Minter Ellison approximately \$45,000 (excluding GST and disbursements) for these services. Further amounts may be paid to Minter Ellison in accordance with their usual time based charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Minter Ellison has been paid fees of approximately \$40,000 by the Company and further amount may be payable to Minter Ellison in accordance with invoices issued to the Company but unpaid as at the date of this Prospectus.

11.8 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;
- (b) to the maximum extent permitted by law, expressly disclaim and take 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;
- (c) Union Group International Holdings Limited has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named and to the inclusion of certain statements attributed to it in this Prospectus in accordance with section 716 of the Corporations Act. Union Group International Holdings Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC;
- (d) Security Transfer Registrars Pty Limited has consented in writing to be named in this Prospectus as the share registry for the company and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC; and
- (e) Minter Ellison has given its written consent to being named as the solicitors to the Company in this Prospectus. Minter Ellison has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

11.9 Expenses of the Offer

In the event that all Entitlements are taken up, the total expenses of the Offer are estimated to be approximately \$91,941 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	\$2,809
Underwriting fee	\$27,958
Legal fees	\$45,000
Share registry	\$2,000
Nominee	\$5,000
Miscellaneous	\$9,174
Total	\$91,941

11.10 Electronic prospectus

Pursuant to ASIC Regulatory Guide 107, the Company may distribute the Prospectus and Entitlement and Application Form electronically, provided that the electronic Prospectus is identical to the Prospectus lodged with ASIC and the electronic Prospectus contains the same information in the same sequence and with the same prominence, as the Prospectus lodged with ASIC, with the exception of modifications that are immaterial and reflect necessary adjustments or increased functionality when using different electronic media..

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by your personalised Entitlement and Acceptance Form. If you have not, please phone the Company on +61 3 9620 0033 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 announcements page on ASX: <http://www.asx.com.au>, Company code: GLA.

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

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

The Company will not be issuing 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.

Electronic registers mean that the Company will not issue you a certificate. Instead, you will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares and New Options allotted to you 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.

11.12 Privacy Act

If you complete an Entitlement and Acceptance Form for New Shares, together with New Options, under the Offer, 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 Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

12. 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 ASIC.

A handwritten signature in black ink, appearing to read "Oscar Leon", written over a horizontal line.

Oscar Leon
Chairman
For and on behalf of
GLADIATOR RESOURCES LIMITED

13. GLOSSARY

\$ means Australian currency.

Applicant means an Eligible Shareholder who makes an Application to subscribe for Securities pursuant to the Offer.

Application means a valid application to participate in the Offer and the Shortfall Invitation (if eligible), made by an Eligible Shareholder by completing an Entitlement and Acceptance Form.

Application Monies means money submitted by Shareholders in respect of Applications.

ASIC means the Australian Securities and Investments Commission.

ASX Approval for the purpose of the Underwriting Agreement means a decision by ASX to grant Quotation (as that expression is used in the ASX Listing Rules) of all of the New Shares and New Options, which is conditional only upon:

- (a) the issue of the New Shares and New Options;
- (b) dispatch of holding statements in respect of the New Shares and New Options; and
- (c) confirmation being given to ASX that the matters in paragraphs (a) and (b) above have occurred.

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.

AWST means Western Standard Time as observed in Perth, Western Australia.

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, ANZAC Day, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out in section 3 of this Prospectus (unless extended).

Company means Gladiator Resources Limited ACN 101 026 859.

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 Shareholder means a Shareholder:

- (a) who is registered as a Shareholder on the Record Date with a registered address in Australia, New Zealand or the British Virgin Islands (subject to the British Virgin Islands Offer restrictions set out in Section 6.11); and
- (b) is not in the United States and is not a US Person or acting for the account or benefit of a US Person.

Entitlement means the entitlement of an Eligible Shareholder to subscribe for 1 New Share, together with 1 New Option, for every Share held by that Eligible Shareholder on the Record Date.

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

Ineligible Shareholder means a Shareholder:

- (a) with a registered address which is outside Australia, New Zealand or the British Virgin Islands as at the Record Date; or
- (b) is in the United States and is a US Person or acting for the account or benefit of a US Person.

Insolvency Event for the purpose of the Underwriting Agreement means, in relation to any person:

- (c) **(Receiver appointed)** a receiver, receiver and manager, administrator, trustee or similar official is appointed over any of the assets or undertaking of the person;
- (d) **(Payments suspended)** the person suspends payment of its debts generally;
- (e) **(Unable to pay)** the person is or becomes unable to pay its debts when they are due or is unable to pay its debts within the meaning of the Corporations Act or the person may be presumed to be insolvent under section 459C of the Corporations Act;
- (f) **(Arrangements with creditors)** the person enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;
- (g) **(Winding up)** an application or order is made for the winding up or dissolution of, or the appointment of a provisional liquidator to the person or a resolution is passed or steps are taken to pass a resolution for the winding up or dissolution of the person otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Underwriter; or
- (h) **(Administrator)** an administrator is appointed under Division 2 of Part 5.3A of the Corporations Act.

Issued Options means the 137,996,940 Options currently on issue, exercisable at \$0.10 on or before 30 June 2015.

New Shares means the shares offered to Eligible Shareholders under the terms and conditions of the Offer.

New Options means the Options offered to Eligible Shareholders under the terms and conditions of the Offer.

Offer means the non-renounceable entitlement issue of New Shares and attaching New Options to Eligible Shareholders the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus dated 31 March 2014.

Record Date means 5.00pm AWST on the date specified in the timetable set out at the commencement of this Prospectus.

Related Body Corporate means a corporation that is related to the Company pursuant to sections 9 and 50 of the Corporations Act.

Securities means the New Shares and the New Options.

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

Shareholder means a holder of a Share.

Shortfall means the New Shares, together with attaching New Options, available under the Offer that are not subscribed for by Eligible Shareholders under the Offer by the Closing Date (if any).

Shortfall Invitation means the offer to subscribe for Shortfall Securities in excess of an Eligible Shareholder's Entitlement.

Shortfall Securities means the New Shares, together with the attaching New Options, comprising part of the Shortfall.

Underwriter or **Union Group** means Union Group International Holdings Limited (company number 1713066), a company domiciled in the British Virgin Islands.

US Person has the meaning given under Regulation S under the United States Securities Act of 1933, as amended.

Valid Application for the purpose of the Underwriting Agreement means an acceptance of the Company's offer to subscribe for Securities:

- (a) that is made on the Entitlement and Acceptance Form in accordance with the terms set out in this Prospectus;
- (b) that is received by the Company on or before the Closing Date at the place specified in the Prospectus for lodgement of Entitlement and Acceptance Forms;
- (c) that is not withdrawn before the Closing Date; and
- (d) in respect of which Application Money has become clear funds.

