

PRIME MINERALS LIMITED

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29 November 2011.

**The Manager
Company Announcements Office
Australian Securities Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000**

Dear Sir

PROSPECTUS

Attached is our Prospectus for a pro-rata renounceable rights issue of 299,239,952 New Shares on the basis of eight New Shares for every one Share held on the Record Date at an issue price of 1.25 cents per New Share, to raise \$3,740,499 The Prospectus was lodged with ASIC this afternoon.

**Yours faithfully,
David N Zukerman
Company Secretary
Prime Minerals Limited**

PRIME MINERALS LIMITED

ABN 61 120 658 497

PROSPECTUS

For a pro-rata renounceable rights issue of 299,239,952 New Shares on the basis of eight New Shares for every one Share held on the Record Date at an issue price of 1.25 cents per New Share, to raise \$3,740,499.

The Offer is fully underwritten.

UNDERWRITER
CUNNINGHAM PETERSON SHARBANEE SECURITIES PTY LTD
ACN 088 055 636 AFSL 294 848

The Rights Issue closes at 5.00pm WST on 28 December 2011.

IMPORTANT NOTICE

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

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Summary of Important Dates*

Announcement of Rights Issue	28 November 2011
Lodgement of Prospectus with ASIC	29 November 2011
Shares quoted ex-rights	2 December 2011
Rights trading commences on ASX	2 December 2011
Record Date to determine Entitlements	8 December 2011
Opening Date and despatch of Prospectus	12 December 2011
Rights trading on ASX ends	19 December 2011
Closing Date	28 December 2011
Notification to ASX of undersubscriptions and Underwriter notified of number of New Shares to be subscribed for by Underwriter	29 December 2011
Allotment of New Shares and dispatch of holding statements	6 January 2012

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

IMPORTANT NOTICE

Shareholders should read this Prospectus in its entirety and, if in doubt, should consult their professional advisers before deciding whether to accept their Entitlements. This Prospectus is dated 29 November 2011. A copy of this Prospectus was lodged with ASIC on 29 November 2011. No responsibility for the contents of this Prospectus is taken by ASIC. No applications for New Shares will be accepted nor will New Shares be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

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

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

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

NZ Notice

The Offers to New Zealand investors are regulated offers made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001 (Cth). In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Regulations (Australia) set out how the Offers must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

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

As noted in the Prospectus at Section 1.10, the Company will apply to the ASX for quotation of the Shares offered under this Prospectus. If quotation is granted, the Shares offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the Shares through that market, you will have to make arrangements for a participant in that market to sell the Shares on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

The Company is required under Part 1 of the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008 to provide an Eligible Shareholder with copies of the Company's Constitution on request and free of charge.

CORPORATE DIRECTORY

PRIME MINERALS LIMITED

ABN: 61 120 658 497
ASX Code: PIM

DIRECTORS

Robert Collins (Non-Executive Chairman)
Michael Scivolo (Non-Executive Director)
Hersh Majteles (Non-Executive Director)
Bruce Stewart (Non-Executive Director)

COMPANY SECRETARY

David Zukerman

REGISTERED OFFICE

Level 1, 8 Parliament Place
WEST PERTH WA 6005

Telephone: +61 8 9481 7833
Facsimile: +61 8 9481 7835
Website: www.primeminerals.com.au

AUDITORS

HLB Mann Judd
Level 4, 130 Stirling Street
PERTH WA 6000

UNDERWRITER

Cunningham Peterson Sharbance Securities Pty Ltd
Level 34, Exchange Plaza
2 The Esplanade
PERTH WA 6000

SHARE REGISTRY

Advanced Share Registry
150 Stirling Highway

NEDLANDS WA 6009

Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871

BRIEF INSTRUCTIONS

For Current Shareholders

What You May Do

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. You may:

- accept your Entitlement in full or part;
- trade your Entitlements; or
- allow the whole of the Entitlement to lapse.

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

Complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the form. Forward your completed Entitlement and Acceptance Form, together with payment for the amount shown on the form or for such lesser amount as you wish to apply for, so as to reach the Company's share registry no later than 5.00pm WST on 28 December 2011.

If You Wish to Trade Your Entitlements

If you wish to trade your Entitlements, please follow the instructions set out in section 1.6 of this Prospectus.

If You Wish to Apply for Additional New Shares

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares regardless of the size of their present holding.

Any Entitlements not taken up may become available as Additional New Shares which may be placed by the Company in conjunction with the Underwriter in accordance with the Underwriting Agreement. It is possible that there will be few or no Additional New Shares available for issue, depending on the level of take up of Entitlements by Shareholders. There is also no guarantee that in the event Additional New Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Offer that applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for. If a lesser number is allocated to them, excess application money will be refunded without interest. The Company reserves the right to scale back any applications for Additional New Shares as directed by the Underwriter in its absolute discretion.

The issue of any Additional New Shares to Shareholders may be subject to the Corporations Act and Listing Rules.

Entitlements Not Taken Up

Any New Shares not taken up by Existing Shareholders will be dealt with in accordance with the Underwriting Agreement.

SECTION 1 DETAILS OF THE RIGHTS ISSUE

1.1 Rights Issue

This Prospectus invites Eligible Shareholders to participate in a pro-rata renounceable Rights Issue of 299,239,952 New Shares on the basis of eight New Shares for every one Share held on the Record Date of 8 December 2011 at an issue price 1.25 cents per New Share. .

The Rights Issue will raise \$3,740,499 (less expenses of the Rights Issue estimated to be \$280,000).

As at the date of this Prospectus, the Company has 37,404,994 Shares on issue. The Company does not have any Options on issue.

1.2 Purpose of the Rights Issue and Use of Funds

The funds raised will be applied towards the following:

- (a) costs of identifying, assessing, and conducting due diligence on any new projects identified by the Company, and costs of acquisition if a suitable new project is found;
- (b) funding continuing exploration and development expenditure on the Project;
- (c) funding the costs of the Rights Issue ;
- (d) corporate administration costs; and
- (e) working capital.

The Company expects that funds raised from the Rights Issue together with existing cash reserves will be sufficient to enable it to meet its short term objectives in the next two years of continuing with its existing exploration and development program at the Project, and identifying and acquiring a new project or projects for the Company. Details of use of funds for the next two years is summarised as follows:

Use of Funds	Amount (\$) Year 1	Amount (\$) Year 2	Percentage (%)
Costs of identifying, assessing, and conducting due diligence on any new projects identified by the Company, and costs of acquisition if a suitable new project is found	\$ 1,700,000	-	45.44
Funding continuing exploration and development expenditure on the Project	\$50,000	\$250,000	8.02
Expenses of the Rights Issue	\$280,000	-	7.49
Corporate administration costs	\$560,000	\$700,000	33.69
Working Capital	\$100,000	\$100,499	5.36
TOTAL	\$2,690,000	\$1,050,499	100.00

The above proposed use of funds is subject to ongoing review and evaluation by the Company and the actual use of funds raised under the Rights Issue may change depending on the outcome of the operational, exploration and drilling activities and programs as they proceed.

As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. In particular, the Directors note that the amount budgeted to be spent on identifying, assessing and conducting due diligence on new projects, and the costs of acquiring a new project, may change depending on numerous factors including (but not limited to) when any new projects may be identified, the size and nature of any new projects, the manner of acquisition and the consideration payable for the acquisition.

1.3 Rights Trading

Entitlements to New Shares pursuant to the Rights Issue are renounceable. This enables Eligible Shareholders who do not wish to subscribe for some or all of the New Shares under this Rights Issue to sell their respective Rights and also enables Eligible Shareholders to purchase additional Rights if they wish.

Rights trading commences on ASX on 2 December 2011 and will cease trading on 19 December 2011.

1.4 Opening and Closing Dates

The Rights Issue will open for receipt of acceptances at 9.00am WST on 12 December 2011 and will close at 5.00pm WST on 28 December 2011, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 6 Business Days prior to the Closing Date.

1.5 Underwriting

The Rights Issue is underwritten by Cunningham Peterson Sharbanee Securities Pty Ltd (refer to Section 4.10 for full details). Pursuant to the Underwriting Agreement, the Company will pay Patersons Securities Limited an underwriting commission equal to 6.6% of the aggregate funds raised under the Rights Issue (inclusive of GST). A summary of the material terms of the Underwriting Agreement, including rights of termination, are set out in Section 4.10.

No brokerage or stamp duty will be payable by investors.

1.6 Entitlements and Acceptance

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

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

Acceptance of Entitlement in Full

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

Partial Acceptance of Entitlement

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

Application for Additional New Shares

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares regardless of the size of their present holding. Refer to the Brief Instructions on Page 6 if you wish to apply for Additional New Shares. A single cheque should be used for the Application Money for your Entitlement and the number of Additional New Shares you wish to apply for as stated on the Entitlement and Acceptance Form.

Acceptance of Terms

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

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

Advanced Share Registry Pty Limited PO Box 1156 Nedlands WA 6909
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not later than 5.00pm WST on 28 December 2011 or such later date as the Directors advise. Cheques should be made payable to **"Prime Minerals Limited – Share Issue Account"** and crossed "Not Negotiable".

Non-Acceptance of Entitlement

If you do not wish to take up any part of your Entitlement under the Rights Issue, you are not required to take any action. If you decide not to accept all or part of your Entitlement, the New Shares not accepted will be dealt with in accordance with Section 1.7.

Sale of all your Entitlement on ASX

If you wish to sell all of your Entitlement on the ASX, please follow the instructions set out on the reverse of the Entitlement and Acceptance Form under the section marked **"Sale of your Entitlement in full by your Stockbroker/Agent"**.

Rights trading commences on 2 December 2011. You must deal with that part of your Entitlement which you do not intend to accept by close of trading on the ASX on 19 December 2011, when Rights trading ceases.

Transfer of Entitlement Other Than on Market Using ASX

If you wish to transfer all or part of your Entitlement to another person or party other than on market using the ASX, then you must forward the following:

- a completed standard renunciation form (obtainable from your stockbroker or the Company's share registry);
- Entitlement and Acceptance Form completed by the transferee; and
- Transferee's cheque for the amount due in respect of the New Shares to the Company's Share Registry at:

Advanced Share Registry Pty Limited PO Box 1156 Nedlands WA 6909
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not later than 5.00pm WST on 28 December 2011 or such later date as the Directors advise. Cheques should be made payable to **"Prime Minerals Limited – Share Issue Account"** and crossed "Not Negotiable".

Taxation Implications

Shareholders should obtain independent advice on the taxation implications arising out of their participation in the Rights Issue.

Enquiries

If you have any queries regarding your Entitlement, please contact Advanced Share Registry Pty Limited by telephone on +61 8 9389 8033 or your stockbroker or professional adviser.

Please note if you do not accept or sell your Entitlement in accordance with the instructions set out above, any Entitlement not accepted or sold will form part of the Shortfall.

1.7 Rights Issue Shortfall

If you decide not to accept all or part of your Entitlement pursuant to the Rights Issue, you are not required to take any action. The New Shares not accepted will form part of the Shortfall and to the extent the Shortfall is not applied for by Eligible Shareholders, will be dealt with in accordance with the Underwriting Agreement. In these circumstances, you will receive no benefit.

1.8 Withdrawal of Rights Issue

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

1.9 Issue and Allotment of New Shares

The New Shares are expected to be issued and allotted by no later than 30 December 2011. Until issue and allotment of the New Shares under this Prospectus, the acceptance money will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the acceptance money will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the New Shares takes place.

1.10 ASX Listing

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

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

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

1.11 No Issue of New Shares after 13 months

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

1.12 Issue Outside Australian and New Zealand

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the Shares or the Offer or otherwise to permit an offering of securities to any jurisdiction outside Australian and New Zealand.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

1.13 Overseas Investors

The Company is of the view that it is unreasonable to make the Offer to Shareholders with a registered address outside of Australia and New Zealand ("**Excluded Shareholders**") having regard to:

- (a) the number of Shareholders registered outside of Australia and New Zealand;
- (b) the number and value of the New Shares to be offered to Shareholders registered outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the other overseas jurisdictions.

Accordingly, only Eligible Shareholders are entitled to participate in the Rights Issue and the Company is not required to, and does not, make any offers under this Prospectus to Shareholders with a registered address outside of Australia and New Zealand.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not Shareholders on the Record Date are not entitled to apply for any New Shares.

Nominee

The Company will appoint the Underwriter, as the nominee, pursuant to Listing Rule 7.7 and section 615 of the Corporations Act and subject to ASIC approval of such appointment being obtained (in the event that ASIC approval of the nominee appointment is not obtained, a replacement nominee approved by ASIC will be appointed by the Company), for Excluded Shareholders and to arrange the sale of the Rights which would have been offered to Excluded Shareholders had they been entitled to participate in the Rights Issue.

The Company will transfer the Entitlements of the Excluded Shareholders to the nominee who will account to those Excluded Shareholders for the net proceeds of the sale of the Entitlement (if any). The nominee will have the absolute and sole discretion, taking into account market conditions for Rights, to determine the timing and the price at which the Entitlement may be sold, to whom and the manner of any such sale. The Underwriter acknowledges that, pursuant to section 615 of the Corporations Act, it has an obligation to sell all the Entitlements transferred to it by the Company under the Rights Issue and distribute, through the Company or another party appointed by the Company, to each of the Excluded Shareholders their respective proportion of the sale net of expenses. Neither the Company nor the nominee will be subject to any liability for failure to sell the Rights or to sell them at a particular price. If, in the reasonable opinion of the nominee, there is no market, or no viable market, for the Rights, or a surplus of sale proceeds over the expenses of sale cannot be obtained for the Rights that would have been offered to the Excluded Shareholders, then such Rights will be allowed to lapse and they will form part of the Shortfall Shares.

1.14 Market Prices of Shares and Options on ASX

The highest and lowest market sale prices of Shares on ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.037 between 28 October 2011 and 14 November 2011 and \$0.025 between 17 November 2011 and 21 November 2011. The latest available market sale price of Shares on ASX immediately before the date of issue of this Prospectus was \$0.032 on 28 November 2011.

1.15 Privacy Act

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

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

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

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

SECTION 2 EFFECT OF THE RIGHTS ISSUE ON THE COMPANY

2.1 Principal Effects

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

- (a) the Company's cash funds will increase by approximately \$3,740,499 less expenses of the Rights Issue, which are estimated to be approximately \$280,000; and
- (b) the total number of Shares on issue will be 336,644,946.

2.2 Capital Structure

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

Issued Capital	Number
Existing Shares	37,404,994
New Shares to be issued under this Prospectus	299,239,952
Shares on issue after this Rights Issue	336,644,946

The Company does not have any Options on issue.

2.3 Consolidated Statement of Financial Position

Set out as follows is an audited Consolidated Statement of Financial Position as at 30 June 2011 adjusted to reflect:

- a placement of 4,878,912 Shares at an issue price of 1.5 cents per Share to raise \$73,184 which was completed on 28 November 2011;
- the Rights Issue of 299,239,952 New Shares to raise \$3,740,499; and
- the costs of the Rights Issue of approximately \$280,000.

Statement of Financial Position
Pro-forma Reflecting Proposed Rights Issue

	Audited Consolidated Statement of Financial Position as at 30 June 2011 \$	Pro Forma Consolidated Statement of Financial Position as at 30 June 2011 \$
Current Assets		
Cash and cash equivalents	653,025	4,186,658
Receivables	19,586	19,586
Total Current Assets	672,611	4,206,244
Non-Current Assets		
Other financial assets	42,030	42,030
Exploration costs capitalised	1,858	1,858
Plant and equipment	1,446	1,446
Total Non-Current Assets	45,334	45,334
Total Assets	717,945	4,251,578
Current Liabilities		
Trade and other payables	80,823	80,823
Total Current Liabilities	80,823	80,823
Total Liabilities	80,823	80,823
Net Assets	637,122	4,170,755
Equity		
Issued capital	2,322,627	5,856,260
Reserves	892,006	892,006
Accumulated losses	(2,577,511)	(2,577,511)
Total Equity	637,122	4,170,755

Notes to the Pro-Forma Consolidated Statement of Financial Position:

1. Aside from a placement of 4,878,912 Shares at an issue price of 1.5 cents per Share to raise \$73,184 which was completed on 28 November 2011, no account is taken of any transactions between 30 June 2011 and the date of this Prospectus. The Pro Forma Consolidated Statement of Financial Position reflects only the placement and the transactions the subject of this Prospectus.

SECTION 3 RISK FACTORS

3.1 Introduction

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

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

3.2 Risk Factors

(a) General Economic Risks and Business Climate

Share market conditions may affect the Shares regardless of operating performance. Share market conditions are affected by many factors such as:

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

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest.

(b) Exploration, Development, Mining and Processing Risks

The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable ore reserves;
- successful conclusions to bankable feasibility studies;
- access to adequate capital for project development;
- design and construction of efficient mining and processing facilities within capital expenditure budgets;
- securing and maintaining title to tenements and compliance with the terms of those tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues.

Whether or not 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 ore grades and commodity prices affect successful project development and mining operations.

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of the Company.

(c) Native Title

The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans.

Native title can be extinguished by valid grants of land or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters. Native title is not extinguished by the grant of mining licences, as they are not considered to be grants of exclusive possession. A valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title.

All tenements granted prior to 1 January 1994 are valid or validated.

Tenements granted between 1 January 1994 and 23 December 1996 may be invalid if they fail to comply with the Native Title Act or for certain other reasons because of native title. However, such invalid tenements may be validated if certain statutory criteria are met.

For tenements to be validly granted (or renewed) after 23 December 1996 the special "right to negotiate" regime established by the Native Title Act must be followed.

It is important to note that the existence of a native title claim is not an indication that native title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

(d) **Risks Specific to the Project**

The Project represents the main business activity and focus of the Company. Risks specific to the Project include the following:

Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns and cyclone activity;
- alterations to joint venture programs and budgets;
- unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- mechanical failure of operating plant and equipment; adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- industrial action, disputation or disruptions;
- unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- shortages or unavailability of manpower or appropriately skilled manpower;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals.

Commodity Prices

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for the specific commodity, commodity trading on the futures markets, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Currency

The \$A exchange rate is affected by numerous factors beyond the control of the Company. These factors include international economic conditions and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Environment

The Project is subject to Western Australian and Federal laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, the Project has a variety of environmental impacts. The Company conducts its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by applicable laws and regulations.

Title

The exploration licence the Company holds at the Project may be the subject of applications for extension in the future.

If a tenement is not extended, the Company may suffer significant damage through loss of the opportunity to discover and/or develop any mineral resources on that tenement.

Insurance Risks

The Company insures its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with minerals exploration and production is not always available and where available the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where the Company considers it is unreasonable or not in its interests to maintain insurance cover or not to a level of coverage which is in accordance with industry practice. The Company will insure the risks it considers appropriate for the Company's needs and for its circumstances.

Change in Government Policy and Legislation

The Company's business may be affected by new and changing Government policies, including taxation, royalties, environmental regulation, land access and economic regulation relating to the minerals industry.

Joint Venture Parties and Contractors

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

Future Funding

The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of this Offer will be adequate to fund its business development activities, exploration program and other objectives in the short term, as detailed in section 1.2.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

3.3 Speculative Nature of Investment

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

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

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

SECTION 4 ADDITIONAL INFORMATION

4.1 Legal Framework of this Prospectus

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

4.2 Applicability of Corporations Act

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are quoted enhanced disclosure ("ED") securities and the securities are in a class of securities that were quoted ED securities at all times in the 12 months before the issue of this Prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

The board of Directors have adopted a policy on continuous disclosure which sets out the obligations of the Directors, officers and employees to ensure the Company satisfies the continuous disclosure obligations imposed by the Listing Rules and the Corporations Act. The policy provides information as to what a person should do when they become aware of information which could have material effect on the Company's securities, and also sets out the consequences of non compliance and a person's confidentiality obligations.

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

The New Shares to be issued under this Prospectus are in respect of a class of Shares that were continuously quoted securities at all times in the 12 months before the issue of this Prospectus.

4.3 Information Available to Shareholders

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

- (a) the Annual Financial Report of the Company for the year ending 30 June 2011; and
- (b) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the year ending 30 June 2011 and before the issue of this Prospectus:

Date	Description of Announcement
28/11/11	Placement, Renounceable Offer and Appendix 3B
28/11/11	Appointment of Director
28/11/11	Results of meeting
27/10/11	Quarterly Cashflow Report
27/10/11	Quarterly Activities Report
26/10/11	Notice of Annual General Meeting/Proxy Form

4.4 Corporate Governance

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The board of Directors is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent that they are applicable to the Company, the board of Directors has adopted the Ten Essential Corporate Governance Principles and Best Practice Recommendations as published by the ASX Corporate Governance Council.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of additional corporate governance structures will be given further consideration.

A summary of the Company's corporate governance policies is available on the Company's website.

4.5 Rights Attaching to New Shares

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

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

(a) Voting Rights

Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder. In the case of an equality of votes, the chairperson does not have a casting vote.

(b) Dividends

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve but only out of profits of the Company. The Directors may determine the method and time for payment of the dividend.

(c) Winding up

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

(d) Transfer of Shares

Generally, shares are freely transferable, subject to satisfying the requirements of the Listing Rules, ASTC Settlement Operating Rules, the ASX Clear Operating Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the Listing Rules, the ASTC Settlement Operating Rules, the ASX Clear Operating Rules or under the Company's Constitution.

(e) Directors

The Constitution and the Listing Rules contain provisions relating to the rotation and election of Directors.

(f) Further Increases in Capital

Subject to the Corporations Act, the Listing Rules, the ASTC Settlement Operating Rules, the ASX Clear Operating Rules and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.

(g) Variation of Rights Attaching to Shares

Subject to the Corporations Act, the Listing Rules, the ASTC Settlement Operating Rules, the ASX Clear Operating Rules and the terms of issue of shares in a particular class, the Company may vary or cancel rights attached to shares in that class by either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.

(h) General Meeting

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

4.6 Interest of Directors

Directors' Holdings

At the date of this Prospectus, none of the Directors held any Shares or Options in the Company.

Remuneration of Directors

The Constitution of the Company provides that non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting (which is currently \$150,000 per annum).

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

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

Financial year ending 30 June 2010

Directors	Director's Fees/Salaries	Superannuation	Other	Total
	\$	\$	\$	\$
Robert Collins	20,918	-	-	78,000
Michael Scivolo	17,432	1,569	-	18,901
Hersh Majteles	17,432	1,569	-	18,901

Financial year ending 30 June 2011

Directors	Director's Fees/Salaries	Superannuation	Other	Total
	\$	\$	\$	\$
Robert Collins	30,000	-	-	30,000
Michael Scivolo	25,000	2,250	-	27,250
Hersh Majteles	25,000	2,250	-	27,250

Since 30 June 2011 to the date of this Prospectus, the Directors have accrued the following remuneration:

Directors	Director's Fees/Salaries	Superannuation	Other	Total
	\$	\$	\$	\$
Robert Collins	12,418	-	-	12,418
Michael Scivolo	10,348	930	-	11,278
Hersh Majteles	10,348	930	-	11,278
Bruce Stewart ¹	-	-	-	-

1. Bruce Stewart was appointed a Director of the Company on 28 November 2011

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

- the formation or promotion of the Company; or

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

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

4.7 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

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

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

- HLB Mann Judd are the auditors to the Company. They have provided audit services to the Company during the last two years for which the Company has paid or will pay fees totalling approximately \$70,100. HLB Mann Judd have also provided other accounting services to the Company during the last two years to which the Company has paid or will pay fees totalling approximately \$26,116.
- Advanced Share Registry Pty Ltd is the Company's share registry and has provided share registry services to the Company during the last two years amounting to approximately \$4,068.
- Cunningham Peterson Sharbanee Securities Pty Ltd has acted as Underwriter for which it will, pursuant to the Underwriting Agreement, receive an underwriting commission equal to 6.6% of the aggregate funds raised under the Rights Issue (inclusive of GST). The Underwriting Agreement is summarised in Section 4.10. Cunningham Peterson Sharbanee Securities Pty Ltd have provided other professional services to the Company during the last two years for which the Company has paid or will pay fees totalling approximately \$4,391.

Unless otherwise stated, the amounts disclosed above are exclusive of any amount of GST payable by the Company in respect of those amounts.

4.8 Expenses of the Rights Issue

The approximate expenses of the Rights Issue are \$280,000. These expenses are payable by the Company.

4.9 Consents

Advanced Share Registry has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registry in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Each of the parties referred to in this Section 4.9:

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

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

- (a) HLB Mann Judd as the auditors of the Company; and
- (b) Cunningham Peterson Sharbanee Securities Pty Ltd as the Underwriter to the Rights Issue.

HLB Mann Judd has given its written consent to the inclusion in the Prospectus of references to the audited Statement of Financial Position of the Company for the year ended 30 June 2011, and to all statements based on that audited Statement of Financial Position in the form and context in which they appear. HLB Mann Judd has not withdrawn such consent before lodgement of this Prospectus with ASIC.

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

4.10 Underwriting Agreement

Pursuant to an Underwriting Agreement dated 28 November 2011 between the Company and the Underwriter, the Underwriter has agreed to underwrite all of the Rights Issue pursuant to this Prospectus.

Pursuant to the Underwriting Agreement, the Company will pay the Underwriter an underwriting fee equal to 6.6% of the total amount to be raised under the Rights Issue, being approximately \$246,873 (inclusive of GST). In addition, the Company must indemnify the Underwriter, its officers, employees, agents and advisors ("**Indemnified Parties**") against any claim, loss, expense or liability incurred by the Indemnified Parties directly arising from the Rights Issue.

The Company has given warranties and covenants to the Underwriter which are usual in an agreement of this nature.

The Underwriter's obligation to underwrite is subject to the Underwriter being satisfied (in its sole and absolute discretion) with the results of any due diligence investigations undertaken on the Company in connection with the Offer by the open date of 12 December 2011.

The Underwriting Agreement provides that the Underwriter may, in its absolute discretion and without cost or liability to the Underwriter, terminate its obligations under the Underwriting Agreement at any time prior to the date at which the allotment of the last of the New Shares occurs under this Prospectus, upon the occurrence of any one or more of the termination events ("**Termination Event**") after the date of the Underwriting Agreement, including:

- (a) **Default** - the Company is in default of any of the obligations under the Underwriting Agreement or breaches any warranty, representation or undertaking given under the Underwriting Agreement which:
 - (i) is incapable of remedy or is not remedied by the date valid applications for the Shortfall are required to be lodged under the agreement Underwriting Agreement; and
 - (ii) in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect on the Offer;
- (b) **Material change** - a material and adverse change occurs after the date of the Underwriting Agreement in the:
 - (i) financial position of the Company or a subsidiary of the Company; or
 - (ii) the industry in which the Company or a subsidiary of the Company operates;
- (c) **Contravention** - the Company contravenes any of the following, which in the reasonable opinion of the Underwriter has a material adverse effect on the Offer:
 - (i) any law, regulation, authorisation, ruling, consent, judgment, order or decree of any

- Governmental Agency;
- (ii) its Constitution or another constituent document;
- (iii) an encumbrance or document which is binding on:
 - A. the Company or a subsidiary of the Company; or
 - B. an asset of the Company or a subsidiary of the Company;
- (d) **Solvency** – an Insolvency Event occurs in relation to the Company or a subsidiary of the Company;
- (e) **War** - an outbreak of new hostilities or a state of war, whether declared or not, arises after the date of the Underwriting Agreement, or an escalation of hostilities already in existence occurs, involving:
 - (i) Australia;
 - (ii) Japan;
 - (iii) any member country of the European Community;
 - (iv) the United States of America;
 - (v) any of the member states of the former Union of Soviet Socialist Republics;
 - (vi) Indonesia;
 - (vii) Peoples' Republic of China;
 - (viii) New Zealand;
 - (ix) Hong Kong;
 - (x) Taiwan;
 - (xi) Singapore; or
 - (xii) Malaysia;

which in the reasonable opinion of the Underwriter has or is likely to have a material and adverse effect on the Offer;
- (f) **Dishonest director** – after the date of the Underwriting Agreement and prior to the date all New Shares have been allotted under the Offer a Director of the Company or a subsidiary of the Company commits or is convicted of a criminal offence or becomes a bankrupt which in the reasonable opinion of the Underwriter has or is likely to have a material and adverse effect on the Offer;
- (g) **Authorisation** - any authorisation which is material to anything referred to in any of the documents associated with the Offer is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (h) **Error in Due Diligence Results** - it transpires that any of the due diligence investigations on the Company undertaken for the purposes of the Offer were false, misleading or deceptive in any material respect or that there was a material omission from them;
- (i) **Public statements** - without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer;
- (j) **Issue of documents** - the Company issues any prospectus, supplementary or replacement prospectus or like document without the prior written consent of the Underwriter unless the Company has a statutory obligation to issue a supplementary or replacement prospectus and the Underwriter does not consent within a reasonable time following request by the Company;
- (k) **Litigation** - litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or a subsidiary of the Company, other than any claims foreshadowed in the documents associated with the Offer;
- (l) **Takeovers Panel** – the Australian Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel; or
- (m) **Sub-underwriters** - any of the sub-underwriters to the Offer do not comply with their obligations under the sub-underwriting agreements or threaten to not comply with their respective obligations under the sub-underwriting agreements.

In this Section 4.10:

"Insolvency Event" means with respect to a person:

- (a) the person is dissolved, wound up or placed into bankruptcy or an order is made by a court or a resolution is passed that the person be dissolved, wound up or placed into bankruptcy;
- (b) a liquidator, provisional liquidator or trustee in bankruptcy is appointed in respect of the person or any property of the person;
- (c) a controller is appointed in respect of the person or any property of the person or takes possession or gains control of any property of the person;
- (d) except to reconstruct or amalgamate while solvent, the person enters into, or resolves to enter into, a scheme of arrangement, administration, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any of them;
- (e) the person is (or states that it is) insolvent or an insolvent under administration (each as defined in the Corporations Act);
- (f) the person takes any step to obtain protection or is granted protection from its creditors under any applicable legislation; or
- (g) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction;

4.11 Potential effect of the Rights Issue on control of the Company

As at the date of this Prospectus, the Underwriter does not hold a relevant interest in any Shares in the Company.

The Directors cannot speculate as to the extent that Eligible Shareholders will accept their Entitlements to subscribe for New Shares under the Offer, or the level of voting power the Underwriter will have after completion of the Offer.

However, the Underwriter's maximum voting power on completion of the Offer could increase to 88.89% in the unlikely event that:

- (a) no Eligible Shareholders accept their Entitlements to subscribe for New Shares under the Offer; and
- (b) the Underwriter does not enter into any sub-underwriting commitments with any person to sub-underwrite the Offer, and accordingly applies for the entire Shortfall.

Underwriter's intentions

The Underwriter has advised the Company that if the Underwriter obtained control of the Company:

- (a) the Underwriter's present intention is to exercise its voting power to cause the Company to continue its current business in the ordinary course; and
- (b) the Underwriter has no present intention to change the direction or business of the Company, to enter into any related party transaction with the Company, to materially restructure the employment arrangements of the Company, or to redeploy any of its fixed assets.

SECTION 5 DEFINED TERMS

"\$" means an Australian dollar;

"**Additional New Shares**" means those New Shares that are applied for by Eligible Shareholders in addition to their Entitlement but which do not form part of the Shortfall;

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

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

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

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

"**Closing Date**" means 5.00pm WST on 28 December 2011;

"**Company**" means Prime Minerals Limited (ABN 61 120 658 497);

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

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

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

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

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

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

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

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

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

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

"**Project**" means the Company's uranium exploration project located central to the Lake Mason palaeo-drainage system in Western Australia;

"**Prospectus**" means this prospectus dated 29 November 2011;

"**Record Date**" means 5.00 p.m. WST on 8 December 2011;

"**Right**" means a right to acquire New Shares on the basis of eight New Shares for every one Share held on the Record Date of 8 December 2011 at an issue price 1.25 cents per New Share;

"**Rights Issue**" means the issue pursuant to the Prospectus of a pro-rata renounceable rights issue of 299,239,952 New Shares on the basis of eight New Shares for every one Share held on the Record Date of 8 December 2011 at an issue price 1.25 cents per New Share, to raise \$3,740,499 (before costs);

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

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

"Shortfall Notice Deadline Date" means the date the Company informs the Underwriter of the Shortfall, which date must be within 5 Business Days of the Closing Date;

"Underwriter" means Cunningham Peterson Sharbanee Securities Pty Ltd (ACN 088 055 636);

"Underwriting Agreement" means the underwriting agreement dated on or around 28 November 2011 between the Company and the Underwriter; and

"WST" means Australian Western Standard Time.

SECTION 6 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT

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

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

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

Dated: 29 November 2011

Robert Collins
Director