

RESOURCE MINING CORPORATION LIMITED

ACN 008 045 083

PRO-RATA RENOUNCEABLE RIGHTS ISSUE PROSPECTUS

For a pro-rata renounceable rights issue of approximately 904,783,431 New Shares and 226,195,857 New Options on the basis of 1 New Share for every 2 Shares held on the Record Date of 20 February 2012 at an issue price of \$0.0028 (0.28 cents) per New Share and 1 free attaching New Option (with an exercise price of \$0.006 (0.6 cents) each and an expiry date of 31 January 2015) for every 4 New Shares issued to raise approximately \$2,533,394.

The Rights Issue closes at 5.00pm WST on 7 March 2012.

UNDERWRITER - SINOM (HONG KONG) LIMITED

IMPORTANT NOTICE

This Prospectus is dated 9 February 2012. This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

Investment in securities offered by this Prospectus should be considered speculative.

CORPORATE DIRECTORY

DIRECTORS

Warwick Davies (Managing Director)
William Mackenzie (Chairman)
Zhang Chi (Non-Executive Director)

COMPANY SECRETARY

Ann Hadden

REGISTERED AND PRINCIPAL OFFICE

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UNDERWRITER

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SOLICITORS

Gilbert + Tobin
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WEST PERTH WA 6005

AUDITORS*

RSM Bird Cameron Partners
8 St Georges Terrace
PERTH WA 6000

SHARE REGISTRY

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(ABN 48 078 279 277)
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ASX CODE

RMI

** For information purposes only*

LETTER FROM THE CHAIRMAN

Dear Shareholder

Over the past 12 months Resource Mining Corporation Limited (**RMC**) has achieved several significant outcomes including:

1. The completion of exploration drilling at Wowo Gap and the publishing of very encouraging resource upgrade;
2. The successful achievement of a \$250,000 grant from Commercialisation Australia as support for the proof of concept of RMC's innovative Organic Leaching process;
3. Further development of the Organic Leaching Process for Nickel laterite ores; and
4. Geochemical sampling yielding interesting results on the Company's WA Projects.

Wowo Gap Project

Over the past 18 months, RMC has completed a comprehensive drilling program to provide extensive in-fill drilling of the project on 200m spacings. Drilling has been conducted using our in-house core drilling process with all operations being undertaken by our employees.

The net result of this program was the completion of approximately 300 holes at an average cost (inclusive of assays) of less than \$100/metre. This cost was approximately one third of previous drilling where contractors were engaged.

Resource Update

As announced to the ASX on 13 December 2011, the drilling program resulted in:

- Increase in Mineral Resource by 52% from: 82 Mt @ 1.00% Ni to 125 Mt @ 1.06 % Ni;
- Contained nickel up 60% from: 0.83 Mt to 1.32 Mt; and
- Indicated Resource up 85% from: 39 Mt @ 1.00% Ni to 72 Mt @ 1.03% Ni.

The classification of the resource estimate is based on the geological continuity of mineralisation, drilling density and dry insitu bulk density and the updated Mineral Resource Estimate is quoted to the appropriate level of precision at a 0.8% Ni cut off grade.

A potential site for a standalone hydro power source has also been identified within the general area of Wowo Gap.

Organic Leaching Process

The leaching efficiency for a new green-tech nickel recovery process has been increased by more than 65% compared to traditional atmospheric acid leaching with laboratory scale test work determining that the organic acid leaching process takes up to six hours compared to up to 24 hours for a traditional inorganic acid operation.

The Wowo Gap saprolite with a nickel content in excess of 1.3% has a leach time of less than eight hours before 80% of the nickel is extracted compared to inorganic acid atmospheric methods where leach times are approximately 24 hours to extract similar quantities of nickel.

Additional test work is required to test the key parameters including acid strength and free acid levels for optimum leaching, ore slurry density and residence time. Downstream processing testwork programs are being established for leached slurries to recover nickel and cobalt, all contributing to the "proof-of-concept" for the organic leaching process.

This work will be greatly assisted by a \$250,000 matching fund grant made by AusIndustry as part of the Commercialisation Australia grant opportunity from the Federal Government.

The Commercialisation Australia grant will be used to fund work including commercial laboratory testing to refine the process to proof of concept, including the hydrometallurgical process of acid regeneration.

West Australian Projects

St Patrick's Project

Work on this project has identified rock types associated with volcanic hosted massive sulphide deposits (VMS), especially felsic volcanic, mafic and ultramafic rocks. Field reconnaissance has identified greenstone rocks at the base of a number of old wells in the area with the bedrock lithologies and structures in this area which are prospective for volcanogenic copper-zinc-silver-gold (Cu-Zn-Ag-Au) and lode gold mineralisation

In combination, the hydrogeochemical sampling conducted by CSIRO and vegetation sampling undertaken by RMC, yielding elevated gold and polymetallic results may indicate the presence of buried gold and polymetallic mineralisation within the greenstone rocks beneath a blanket of unmineralised granitic rocks at a number of localities across the project area. These warrant follow up sampling to define drill targets.

Kumarina Project

Geochemistry results from soil and vegetation samples have confirmed a copper and gold anomaly in this under explored region of Western Australia.

The tenement lies approximately 200 kilometres North East of Meekatharra along the Great Northern Highway, approximately 10 kilometres east of the historical Kumarina copper mine within the Proterozoic Collier Basin. Historical exploration has located elevated copper and gold values in surface soils that have not been followed up by further exploration.

This geochemical work conducted by RMC, suggests that the geochemistry may be associated with hydrothermal alteration and may be directly associated with the mineralisation. A follow up infill surface geochemical sampling program has been conducted over several areas of interest and results are awaited. Further work is planned in this area.

Rights Issue

With the need for ongoing funding to develop the organic leaching technology, explore the WA tenements and seek a partner for Wowo Gap, RMC now needs to top up its cash reserves in order to complete the feasibility study and to increase the size of the resource at Wowo Gap.

Having regard to the prevailing market conditions the Board believes a renounceable rights issue is the fairest way to raise cash as it provides all Shareholders with an opportunity to participate. Under the Rights Issue, Shareholders will be offered one (1) New Share at an issue price of \$0.0028 (0.28 cents) per Share for every two (2) Shares you hold at the Record Date.

For every four (4) New Shares subscribed for, you will be granted one (1) New Option which is exercisable at \$0.006 (0.6 cents) with an expiry date of 31 January 2015. RMC's major Shareholder, Sinom (Hong Kong) Limited, will support the Rights Issue by fully underwriting the issue.

2010/11 have been years of positive outcomes for RMC. Notwithstanding the challenging times RMC is confident that significant progress can be made in the development of the organic leaching technology, further resource definition of Wowo Gap and a continued active exploration program on most prospective WA projects and encourage you to share in this opportunity by supporting the Rights Issue.

On behalf of the Board, I would like to take this opportunity to thank all Shareholders for their continued support.

William Mackenzie
Chairman
Resource Mining Corporation Limited

NOTE:

(1) *The information as noted above is based on information compiled by Mark Hill, who is an Exploration Manager of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Hill has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Hill consents to the inclusion.*

TABLE OF CONTENTS

SECTION		PAGE
Section 1	DETAILS OF THE RIGHTS ISSUE	6
Section 2	EFFECT OF THE RIGHTS ISSUE ON THE COMPANY	10
Section 3	RISK FACTORS	12
Section 4	ADDITIONAL INFORMATION	16
Section 5	DEFINED TERMS	30
Section 6	DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT	32

Important Notes and Statements

This Prospectus is dated 9 February 2012. A copy of this Prospectus was lodged with the ASIC on that date. Neither the ASIC nor the ASX takes any responsibility for the contents of this Prospectus. No New Shares or New Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. New Shares and New Options issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus. The Company will apply for the New Shares and New Options offered pursuant to this Prospectus to be quoted on ASX. An application for New Shares and New Options will only be accepted on the Application Forms accompanying 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.

The Offer 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. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offers must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

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

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

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

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

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

This Prospectus will be issued as an Electronic Prospectus in relation to the Shortfall. The Prospectus will be available on the Company's website at www.resmin.com.au. The offer of New Shares and free attaching New Options comprising the Shortfall pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus.

The Corporations Act prohibits any person from passing to another person an Application Form unless it is attached to or accompanies the complete and unaltered version of this Prospectus. Prior to the closing date for the receipt of applications for the Shortfall, any person may obtain a hard copy of this Prospectus by contacting the Company by email at rnc@resmin.com.au or by telephone +61 8 9213 9400.

Summary of Important Dates *

Announcement of Rights Issue	9 February 2012
Prospectus Lodged at ASIC and ASX	9 February 2012
Notice sent to Shareholders containing information required by Appendix 3B	13 February 2012
“Ex” Date (date Shares are quoted ex-entitlement basis)	14 February 2012
Rights trading commences	14 February 2012
Record Date to determine Entitlements pursuant to Rights Issue	20 February 2012
Prospectus with Entitlement and Acceptance Form despatched to Eligible Shareholders	22 February 2012
Rights trading ends	29 February 2012
New Shares and free attaching New Options quoted on a deferred settlement basis	1 March 2012
Closing Date for acceptance and receipt of Entitlement and Acceptance Forms (including Shortfall Shares) and Shortfall Application from Eligible Shareholders	7 March 2012
Despatch of holding statements	19 March 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. This includes extending the Closing Date, accepting late Entitlement and Acceptance Forms either generally or in particular cases, closing the offer early or cancelling the Rights Issue without prior notice in its absolute discretion.*

Key Definitions

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.

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 approximately 904,783,431 New Shares and 226,195,857 New Options on the basis of 1 New Share for every 2 Shares held on the Record Date, at an issue price of \$0.0028 (0.28 cents) per New Share and 1 free attaching New Option (with an exercise price of \$0.006 (0.6 cents) each and an expiry date of 31 January 2015) for every 4 New Shares issued. Fractional entitlements will be rounded up to the nearest whole number.

The Rights Issue will raise approximately \$2,533,394 (less expenses of the Rights Issue estimated to be \$62,616).

As at the date of this Prospectus, 1,809,566,862 Shares are on issue.

Existing holders of Options will not be entitled to participate in the Rights Issue. However, they may exercise their Options prior to the Record Date if they wish to participate in the Rights Issue.

The Company currently has on issue 214,793,272 Options exercisable at \$0.008 each on or before 31 March 2012 (as set out in Section 2.2). Accordingly, in the event that these Options are exercised prior to the Record Date, this Prospectus will also offer to those Shareholders a further 107,396,636 New Shares and 26,849,159 New Options to raise a further \$300,710.

1.2 Opening and Closing Dates

The Rights Issue will open for receipt of acceptances at 9.00am WST on 22 February 2012 and will close at 5.00pm WST on 7 March 2012 (except where payment is via BPAY® in which case payment must be made by no later than 3.00pm WST on 7 March 2012 or such earlier cut off time that your own financial institution may implement with regard to electronic payments), 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.

® Registered to BPAY Pty Ltd ABN 69 079 137 518

1.3 Underwriting

The Rights Issue is underwritten by Sinom (Hong Kong) Limited (**Sinom**) for no fee.

A summary of the material terms of the Underwriting Agreement, including the Underwriter's rights of termination, is set out in Section 4.6.

Sinom will take up the Shortfall Securities after Eligible Shareholders have had the opportunity to take up Shortfall Securities on a pro-rata basis as set out in Section 1.7.

1.4 Rights trading

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

Rights trading commences on ASX on 14 February 2012 and will cease trading on 29 February 2012.

1.5 Brokerage and Commission

No brokerage or stamp duty will be payable by Shareholders.

1.6 Entitlements and Acceptance

The number of New Shares and free attaching New Options to which you are entitled (**Entitlement** or **Rights**) is shown in the accompanying Entitlement and Acceptance Form.

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

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 and free attaching New Options not accepted will form part of the Shortfall and will be dealt with in accordance with Section 1.7. In these circumstances, you will receive no benefit.

Acceptance of Entitlement in Full

If you wish to take up all of your Entitlement under the Rights Issue, please follow the instructions set out on the front of the Entitlement and Acceptance Form under the section marked “**Sale of your Entitlement in full by your Stockbroker/Agent**” and then liaise accordingly with your stockbroker. Applications exceeding your entitlement will be deemed to be for your maximum entitlement and any surplus amount as an Application for Shortfall Securities and will be dealt with in accordance with Section 1.7.

Partial Acceptance of Entitlement

If you wish to take up **part** of your Entitlement and sell the balance on the ASX, please follow the instructions set out on the front of the Entitlement and Acceptance Form under the section marked “**Sale of your Entitlement in part by your Stockbroker/Agent and acceptance of the balance**” and then liaise accordingly with your stockbroker.

Rights trading commences on 14 February 2012. You must deal with that part of your Entitlement which you do not intend to accept by close of trading on the ASX on 29 February 2012, when Rights trading ceases.

Acceptance of Terms

All applications for New Shares and free attaching New Options must be made on the Application Forms accompanying this Prospectus. Any application will be treated as an offer from the applicant to acquire New Shares and free attaching New Options on the terms and conditions set out in the Prospectus

The Directors reserve the right to reject any applications for New Shares and free attaching New Options.

Please ensure the completed Entitlement and Acceptance Form and your cheque are received by the Company's share registry at:

By Post:

Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001

not later than 5.00pm WST on 7 March 2012 or such later date as the Directors advise. Cheques should be made payable to “**Resource Mining Corporation Limited – Share Application Account**” and crossed “**Not Negotiable**”. Please note that payment via BPAY must be made by no later than 3.00pm WST on 7 March 2012. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

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 14 February 2012. You must deal with that part of your Entitlement which you do not intend to accept by close of trading on the ASX on 29 February 2012, 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:

By Post:

Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001

not later than 5.00pm WST on 29 February 2012 or such later date as the Directors advise. Cheques should be made payable to "**Resource Mining Corporation Limited – Share Application Account**" and crossed "**Not Negotiable**". Please note that payment via BPAY must be made by no later than 3.00pm WST on 29 February 2012. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

Minimum Subscription

There is no Minimum Subscription in respect of this offer.

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 Computershare Investor Services Pty Limited by telephone on +61 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia), or your stockbroker or professional adviser.

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

1.7 Shortfall Securities

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 and free attaching New Options not accepted will form part of the Shortfall and will be dealt with in accordance with this Section 1.7.

In these circumstances, you will receive no benefit. Accordingly, it is important that you take action to either accept or renounce your Entitlement in accordance with the above instructions.

Opportunity for Eligible Shareholders to apply for Shortfall Securities

Eligible Shareholders who have subscribed for their Entitlement in full may apply for additional New Shares and free attaching New Options on a pro-rata basis under the Shortfall by completing the relevant section of their Entitlement and Acceptance Form.

Please ensure the completed Entitlement and Acceptance Form and your cheque is received by the Company's share registry at:

By Post:

Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001

not later than 5.00pm WST on 7 March 2012 Cheques should be payable to "**Resource Mining Corporation Limited – Share Application Account**" and crossed "**Not Negotiable**". Please note that payment via BPAY must be made by no later than 3.00pm on 7 March 2012. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of

the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions from BPAY set out on the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

Shortfall Securities to be allocated by the Underwriter

The Shortfall Securities that remain after Eligible Shareholders have had the opportunity to apply for Shortfall Securities will be allocated at the discretion of the Underwriter in consultation with the Company and in accordance with the provisions of the Underwriting Agreement.

1.8 Withdrawal of Rights Issue

The Company reserves the right not to proceed with the Rights Issue at any time before the issue of the New Shares and free attaching New Options 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 and the free attaching New Options are expected to be issued and allotted by no later than 15 March 2012. Until issue and allotment of the New Shares and the free attaching New Options under this Prospectus, application monies will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the application monies will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the New Shares and the free attaching New Options takes place.

1.10 ASX Listing

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

If approval for official quotation of the New Shares and the free attaching New Options 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 the free attaching New Options and will repay all application monies (where applicable) as soon as practicable, without interest.

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

1.11 No Issue of New Shares after 13 Months

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

1.12 Overseas Investors

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand 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. No action has been taken to register or qualify the securities the subject of this Prospectus or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of the securities pursuant to this Prospectus. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the Eligible Shareholder that all relevant approvals have been obtained and there has been no breach of regulations in the relevant overseas jurisdiction.

1.13 Market Prices of Shares and Listed Options

The highest and lowest closing market sale prices of Shares on ASX during the 3 month period immediately preceding the date of this Prospectus were \$0.004 and \$0.003 on numerous dates throughout that three month period. The latest available market sale price of Shares on ASX immediately before the date of issue of this Prospectus was \$0.003 on 8 February 2012.

The highest and lowest closing market sale prices of Listed Options during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.001 and \$0.001. The latest available market sale price of Listed Options immediately before the date of issue of this Prospectus was \$0.001 on 8 February 2012.

1.14 Purpose of the Rights Issue and Use of Funds

After payment of the costs of the Offer, the funds raised will be applied towards the following:

- (a) exploration expenditure;
- (b) Wowo Gap exploration expenditure;
- (c) further development of the organic leaching technology; and
- (d) working capital.

The application of the \$2,533,394 raised under the Rights Issue is summarised as follows

Use of Funds	Amount (\$)
Exploration expenditure	648,000.00
Wowo Gap Exploration Expenditure	572,778.00
Further development of the organic leaching technology	250,000.00
Working capital	1,000,000.00
Fees	62,616
Total	2,533,394.00

Section 2 EFFECT OF THE RIGHTS ISSUE ON THE COMPANY

2.1 Principal Effects

Assuming the Rights Issue is fully subscribed the principal effects are as follows:

- (a) the Company will issue 904,783,431 New Shares and 226,195,857 free attaching New Options (excluding any New Shares and free attaching New Options that may be the result of any Options that are exercised prior to the Record Date), and the total number of Shares on issue will increase to 2,714,350,293 and the total number of Options on issue will increase to 440,989,129. The New Shares will constitute 33.3% of the expanded issued Share capital of 2,714,350,293 Shares. When aggregated with the number of Options previously issued by the Company, the total percentage of Shares in the Company the subject of this Rights Issue will constitute approximately 35.84% of the expanded issued capital of the Company on a fully diluted basis; and
- (b) the Rights Issue will also increase the Company's cash reserves by approximately \$2,533,394 (before expenses of the Rights Issue) to enable the Company to pursue its objectives.

Please see Section 4.8 for potential control issues that may result from the Rights Issue.

2.2 Capital Structure on Completion of the Rights Issue

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

Securities	Shares	Listed Options
Currently on issue	1,809,566,862	214,793,272 ⁽¹⁾
Maximum number of New Shares and New Options to be issued pursuant to the Rights Issue ⁽²⁾	904,783,431	226,195,857
Total after completion of the Rights Issue	2,714,350,293	440,989,129

Note:

- (1) Exercisable at \$0.008 each on or before 31 March 2012.
- (2) This assumes that no existing Options are exercised.

The Company has no unquoted Options on issue.

2.3 **Pro-forma Balance Sheet (unaudited)**

Set out as follows is an unaudited pro-forma balance sheet of the Company after the completion of the Rights Issue prepared on the basis of the unaudited accounts of the Company as at 30 September 2011, and adjusted for the following transactions and assumptions:

- (1) the proceeds of the Rights Issue of \$2,533,394;
- (2) the estimated expenses of the Rights Issue of \$62,616; and
- (3) no existing Options are exercised prior to the Record Date.

	Consolidated	Pro Forma
	30 Sept 2011 unaudited \$ 000's	30 Sept 2011 unaudited \$ 000's
ASSETS		
Current Assets		
Cash and cash equivalents*	453	2,924
Trade and other receivables	65	65
Other current assets	30	30
Total Current Assets	548	3,019
Non-Current Assets		
Trade and other receivables	7	7
Plant and equipment	92	92
Mineral exploration and evaluation	9,770	9,770
Other non-current assets	126	126
Total Non-Current Assets	9,995	9,995
TOTAL ASSETS	10,543	13,014
LIABILITIES		
Current Liabilities		
Trade and other payables	288	288
Total Current Liabilities	288	288
TOTAL LIABILITIES	288	288
NET ASSETS	10,255	12,726
EQUITY		
Contributed equity	58,892	61,363
Reserves	840	840
Accumulated losses	(49,477)	(49,477)
TOTAL EQUITY	10,255	12,726
<i>Note: The 30 September 2011 Consolidated Balance Sheet has not been audited or reviewed by the Company's auditors. The balance sheet will be reviewed by the Company's auditors in February 2012.</i>		
<i>* As at 31 December 2011 (as set out in Appendix 5B lodged with ASX on 31 January 2012).</i>		

Section 3 RISK FACTORS

3.1 Introduction

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Shareholders 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. Shareholders 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 and free attaching New Options.

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 exploration and mining 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 of which potential investors need to be aware.

General Risks

3.2 Exploration Success

The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

3.3 Resource Estimates

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

3.4 Economic Risks

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

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

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

3.5 Market Conditions

The market price of the New Shares and free attaching New Options can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

3.6 **Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grade in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; natural disasters; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

3.7 **Environmental Risks**

As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

3.8 **Title Risks and Native Title**

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

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

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

3.9 **Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to find a suitable development partner and generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be. There is however, no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

3.10 **Reliance on Key Management**

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

3.11 **Foreign Investment Risk**

The Company has operations and assets located in foreign jurisdictions. As a result the Company is subject to political, economic and other uncertainties, including but not limited to changes in mining and exploration policies or the personnel administering, nationalisation or expropriation of property, cancellation or modification of contractual rights, foreign exchange restrictions, currency 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.

3.12 **Political Risks**

The Company is subject to political, economic, social and other uncertainties, including the risk of civil rebellion, expropriation, nationalisation, renegotiation or nullification of existing contract, mining licences and permits, or other agreements, changes in law or taxation policies, currency exchange restrictions, and changing political conditions and international currency fluctuations. No political risk insurance has been, or is currently proposed to be arranged for the benefit of the Company.

3.13 **Joint Venture Parties, Contractors and Agents**

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 insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or other managerial failure by any of the other service providers used by the Company for any activities.

3.14 **Litigation Risk**

Litigation risks to the Company may include, but are not limited to, contesting development or regulatory approvals, native title claims, land tenure disputes, environmental claims and occupational health and safety claims. The Company may also be exposed to litigation risks associated with its subsidiaries.

Papua New Guinea Risks

3.15 **Law and order and civil unrest**

Papua New Guinea is currently experiencing civil and political unrest. There have been other instances of civil and political unrest within Papua New Guinea in recent years. Even if the current situation is resolved, there is no certainty that further incidences will not recur.

3.16 **Environmental Risks**

The operations and proposed activities of the Company are subject to the laws and regulations in Papua New Guinea regarding environmental matters, such as the *Environment Act 2000*. As with most exploration projects, the Company's activities are expected to have an impact on the environment particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

3.17 **Foreign Investment Risk**

The Company has interests in Papua New Guinea, being an interest in exploration licences EL 1165 and EL 1749. Like all businesses in Papua New Guinea, the Company may be affected by political or social issues. Any significant political or social unrest in the areas over which EL 1165 and EL 1749 are situated could disrupt operations.

3.18 **Future Government Actions**

Future Papua New Guinea Government actions concerning the economy or the operation and regulation of the mining industry could have a significant effect on the Company. No assurances can be given that the Company will not be adversely affected by any future developments in Papua New Guinea.

3.19 **Papua New Guinea – Renewal of exploration licence**

Resource Exploration Limited's (ACN 074 686 776) 100% owned subsidiary Niugini Nickel Ltd (ACN 071 497 884) holds tenements EL 1165 and EL 1749 (Resource Exploration Limited is a 100% owned subsidiary of the Company).

There are inherent risks associated with the grant or renewal of any exploration licences in Papua New Guinea. Licences may not always be renewed in a timely manner and there is no assurance that they will be renewed at all.

The renewal of tenement EL 1165 is due on 28 February 2012 and the renewal of tenement EL 1749 is due on 20 March 2013. The Company has made an application for renewal of tenement EL 1165. The Company has met or in some instances exceeded its obligations and does not envisage that the tenement will not be renewed.

3.20 **Papua New Guinea - Mineral Resources Authority Act 2005 and Mining Act 1992**

There have been amendments to the legislation governing mining in Papua New Guinea.

The Mineral Resources Authority Act 2005

On 1 January 2006, the Mineral Resources Authority Act 2005 (“**MRA Act**”) came into operation. One of the purposes of the MRA Act is that it provides for the replacement of the Department of Mining with an independent statutory authority, the Mineral Resources Authority as the administrative body of the mining industry. The MRA

Act also establishes that there shall be a Mineral Resources Authority Board to perform the functions, exercise the powers and manage and direct the administrative affairs of the Authority and a Managing Director to supervise and direct the staff of the Authority to exercise of all powers, functions and discretions in respect of the administration and enforcement of the Mining Act.

Amendments to the Mining Act 1992

Schedule 1, Section 52 of the MRA Act contains amendments to various provisions of the Mining Act 1992. As a result amendments to the Mining Act 1992 also came into operation on 1 January 2006. The importance of the amendments to the Mining Act is that they essentially replace the “Department” with the “Authority”, the “Director” of the Department with the “Managing Director” of the Authority and the “Mining Advisory Board” with the “Mining Advisory Council”.

3.21 Papua New Guinea - Landowner Rights

Approximately 97% of land in Papua New Guinea is held under customary land tenure, the nature and terms of which vary considerably throughout the country. In general land held under customary land tenure cannot be alienated and is often communally owned. Title to most land in Papua New Guinea has not been recorded or registered and there has been little surveying. As a result, title to land is often unclear. Disputes over landownership are common, especially in the context of resource developments. Identifying all affected landowners and structuring compensation agreements that are both fair and acceptable to all of them, is often extremely difficult. The Company believes that the satisfactory resolution of local landowner concern is essential to the development and operation of tenements in Papua New Guinea. The failure to adequately address landowner issues has contributed to the disruption of other mining projects in Papua New Guinea. While the Company has a clear social inclusion policy and has spent considerable time, effort and expense in an attempt to work co-operatively with the landowner groups associated with EL 1165, no assurance can be given that disruptions arising out of landowner dissatisfaction will not occur. The Company is currently engaged in a social mapping exercise with clan and sub-clan groups in the vicinity of EL 1165 to identify and collate land boundaries. Active engagement with landowners is an ongoing activity for the Company.

3.22 Mining Approvals

Prior to commencement of any mining operation, the Company will be required to receive a number of approvals relating to the conduct of those proposed mining operations. There can be no assurances that those approvals will be received or that the conditions within the approvals are not overly onerous.

3.23 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 Shareholders. 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 and New Options offered under this Prospectus.

Therefore, the New Shares and New Options 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 New Shares and New Options.

Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to take up their Entitlement.

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 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 or options to acquire securities which are quoted as ED securities and the securities are in a class of securities or underlie a class of securities that were quoted ED securities at all times in the 3 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 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 and the Shares underlying the free attaching New Options to be issued under this Prospectus are in respect of a class of Shares that were continuously quoted securities at all times in the 3 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 Shareholder 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 on 25 October 2011 of the Annual Report of the Company for the year ending 30 June 2011 and before the issue of this Prospectus:

Date	Announcement
02/02/2012	Change of Director's Interest Notice
02/02/2012	Change of Director's Interest Notice
02/02/2012	Change of Director's Interest Notice
02/02/2012	Change of Director's Interest Notice
02/02/2012	Change of Director's Interest Notice
01/02/2012	Expiry of Remuneration Options
31/01/2012	Quarterly Cashflow Report
31/01/2012	Quarterly Activities Report
03/01/2012	Expiry of Incentive Options
14/12/2011	Wowo Gap Resource Upgrade
07/12/2011	Commercialisation Australia Grant
25/11/2011	Results of Meeting
11/11/2011	Secondary Trading Notice Section 708 and 708A
11/11/2011	Appendix 3B
11/11/2011	Placement

Date	Announcement
01/11/2011	Amended Appendix 5B
31/10/2011	Quarterly Cashflow Report
31/10/2011	Quarterly Activities Report
25/10/2011	Annual Report / Notice of AGM and Proxy Form

4.4 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 that attach to the Company's existing Shares:

(a) **Voting Rights:**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there is only one class of Shares), at meetings of Shareholders of the Company:

- (i) Each Shareholder entitled to vote may vote in person or by proxy, attorney or representative.
- (ii) On a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote.
- (iii) On a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

(b) **Dividend Rights:**

Subject to the rights of holders of Shares issued with special, preferential or qualified rights (at present there are none), the Directors may determine that a dividend is payable, fix the amount and the time for payment of the dividend and authorise the payment of crediting of the dividend by the Company to, or at the direction of, each Shareholder entitled to that dividend.

(c) **Rights on Winding Up:**

Subject to the rights of holders of Shares with special rights in a winding up, on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of Shares held by them irrespective of the amount paid up or credited as paid up on the Shares.

(d) **Transfer of Shares:**

Subject to the Constitution and to any restrictions attached to a member's Shares, a member may transfer any of the member's shares by a proper ASTC transfer, a written transfer in any usual form or in any other form approved by the Directors, or any other electronic system established or recognised by the Listing Rules.

The Directors may decline to register a transfer of Shares (other than by ASTC transfer) where:

- (i) the Listing Rules or ASTC Settlement Rules permit or require the Company to do so; or
- (ii) the transfer is in breach of the Listing Rules or any escrow agreement relating to restricted securities entered into by the Company under the Listing Rules.

(e) **Future Increases in Capital:**

The allotment and issue of any Shares is under the control of the Directors. Subject to the Listing Rules, the Corporations Act and any special rights conferred on the holder of any Shares, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

(f) **Variation of rights:**

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

(g) **ASX Listing Rules:**

If a Company is admitted to the Official List of ASX, then despite anything in its Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

4.5 **Rights Attaching to New Options**

The terms and conditions of the New Options are as follows:

- (a) No monies will be payable for the grant of the New Options.
- (b) A holding statement will be issued for the New Options.
- (c) The New Options shall expire at 5.00pm (WST) on 31 January 2015 (“**Expiry Date**”).
- (d) Each New Option shall, from the date of grant, carry the right to subscribe for one fully paid ordinary Share in the Company.
- (e) New Options may be exercised in whole or in part in parcels of not less than 1,000 except if the Optionholder holds less than 1,000 New Options. An exercise of only some New Options shall not affect the rights of the Optionholder to the balance of the New Option held by the Optionholder.
- (f) The Shares allotted on the exercise of the New Options shall be issued at an exercise price of \$0.006 per Share (“**Exercise Price**”), which price shall be payable in full on exercise of the New Options.
- (g) New Options shall only be exercisable by the delivery to the registered office of the Company of a notice in writing. The notice must specify the number of New Options being exercised and must be accompanied by payment of the Exercise Price for each Share to be issued on exercise of the New Options specified in the notice. The Company will issue a holding statement for the remaining New Options, if applicable.
- (h) The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque) by the Expiry Date.
- (i) The Company shall allot the resultant Shares and deliver the holding statements within 10 Business Days of the exercise of the New Option.
- (j) The Company shall apply for the New Options to be listed for Official Quotation.
- (k) The New Options are freely transferable.

- (l) Shares allotted pursuant to an exercise of options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- (m) The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of New Options listed for Official Quotation, if the Company is listed on the ASX at the time.
- (n) The Optionholder is not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless the Optionholder does so before the record date for the determination of entitlements to the new issue of securities and participates as a result of being a holder of Shares.
- (o) The Company must give the Optionholder, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.
- (p) There is no right to change the exercise price of a New Option nor the number of underlying Shares over which the New Option can be exercised, if the Company completes a bonus issue.
- (q) There is no right to change the exercise price of a New Option nor the number of underlying Shares over which the New Option can be exercised, if the Company completes a pro-rata issue.
- (r) If, prior to the expiry of any New Options, there is a reorganisation of the issued capital of the Company, then the rights of a Optionholder (including the number of New Options to which each a Optionholder is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation (whether or not the Company is listed on the ASX at the time).
- (s) The New Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant New Options.
- (t) New Options not validly exercised on or before the Expiry Date will automatically lapse.

4.6 **Material Contracts**

Underwriting Agreement

Pursuant to an Underwriting Agreement dated 7 February 2012 between the Company and Sinom (Hong Kong) Limited (**Underwriter**), the Underwriter has agreed to underwrite the Rights Issue pursuant to this Prospectus.

Pursuant to the Underwriting Agreement, the Underwriter will not be paid a fee for its role as Underwriter or an Underwriting Fee. The Company must pay, indemnify and keep indemnified the Underwriter for all costs incurred by the Underwriter in connection with the Rights Issue, including legal fees and disbursements and the reasonable costs of travel and accommodation, marketing and communication costs.

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

The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement and its obligation thereunder at any time without cost or liability to the Underwriter upon the occurrence of any one or more of the termination events (**Termination Event**) including:

- (a) (Indices fall): any of the S&P/ASX 200 Index or the S&P/ASX 300 Metals and Mining Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (b) (Share Price): the closing price of the Shares on the ASX on any trading day is less than the issue price of the New Shares; or
- (c) (Renewal of Licence): the Mineral Resources Authority (Papua New Guinea) advises that the renewal of EL 1165 will not be renewed or is renewed on terms that are unlikely to be complied with by the Company; or
- (d) (Prospectus): the Company does not lodge the Prospectus on the Lodgment Date set out in the Underwriting Agreement or the Prospectus, the Offer is withdrawn by the Company; or

- (e) (No Official Quotation): Official Quotation has not been granted by the Shortfall Deadline Date or, having been granted is subsequently withdrawn, withheld or qualified; or;
- (f) (Supplementary prospectus):
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in Section 13.1(q), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (g) (Non compliance with disclosure requirements): it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act; or
- (h) (Misleading Prospectus): it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes or is misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (i) (Restriction on allotment): the Company is prevented from allotting the New Shares and New Options within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority; or
- (j) (Withdrawal of consent to Prospectus): any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (k) (ASIC application): an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (l) (ASIC hearing): ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act; or
- (m) (Takeovers Panel): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel; or
- (n) (Hostilities): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or
- (o) (Authorisation): any Authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (p) (Indictable offence): a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (q) (Termination Events): subject always to clause 13.2 of the Underwriting Agreement, any of the following events occurs:
 - (i) (Default): default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or

- (ii) (Incorrect or untrue representation): any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
- (iii) (Contravention of constitution or Act): a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
- (iv) (Adverse change): an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of a Relevant Company including without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or
- (v) (Error in Due Diligence Results): it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive or that there was a material omission from them; or
- (vi) (Significant change): a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
- (vii) (Public statements): without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus ;or
- (viii) (Misleading information): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of a Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive; or
- (ix) (Official Quotation qualified): the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation"; or
- (x) (Change in Act or policy): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy; or
- (xi) (Prescribed Occurrence): a Prescribed Occurrence occurs, other than as disclosed in the Prospectus; or
- (xii) (Suspension of debt payments): the Company suspends payment of its debts generally; or
- (xiii) (Event of Insolvency): an Event of Insolvency occurs in respect of a Relevant Company; or
- (xiv) (Judgment against a Relevant Company): a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days; or
- (xv) (Litigation): litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus; or
- (xvi) (Board and senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter; or
- (xvii) (Change in shareholdings): there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company; or
- (xviii) (Timetable): there is a delay in any specified date in the Timetable which is greater than 7 Business Days; or
- (xix) (Force Majeure): a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or

- (xx) (Certain resolutions passed): a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- (xxi) (Capital Structure): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus; or
- (xxii) (Breach of Material Contracts): any of the Material Contracts is terminated or substantially modified; or
- (xxiii) (Investigation): any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or
- (xxiv) (Market Conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

Clause 13.2 of the Underwriting Agreement provides that the Underwriter may not exercise its rights under clause 13.1 of the Underwriting Agreement unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a Termination Event has or is likely to have, or two or more Termination Events together have or are likely to have:

- (a) a Material Adverse Effect; or
- (b) could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

The following terms used in this Section 4.6 with respect to the Underwriting Agreement are defined in the Underwriting Agreement as follows:

“**Due Diligence Program**” means the legal, accounting, commercial and other investigations of the assets and liabilities, financial position and performance, profits and losses and prospects of a Relevant Company (including its future business plans and financial forecasts) conducted in the period up until the date on which allotment of the last of the New Shares and New Options occurs in accordance with the Prospectus, as implemented by the planning memorandum adopted pursuant to a resolution of the Board; “**Due Diligence Results**” means the results of the investigations which make up the Due Diligence Program, as maintained by the Company including but not limited to all due diligence reports and reports of the due diligence committee (established in connection with the Rights Issue), including all supporting documents and working papers to which the Due Diligence Program relates;

“**Event of Insolvency**” means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;

- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable legislation to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person;

“**Force Majeure**” means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties to the Underwriting Agreement;

“**Insolvency Provision**” means any legislation relating to insolvency, sequestration, liquidation or bankruptcy (including any legislation relating to the avoidance of conveyances in fraud of creditors or of preferences, and any legislation under which a liquidator or trustee in bankruptcy may set aside or avoid transactions), and any provision of any agreement, arrangement or scheme, formal or informal, relating to the administration of any of the assets of any person;

“**Material Adverse Effect**” means:

- (a) a material adverse effect on the outcome of the Rights Issue or on the subsequent market for the New Shares and New Options (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in the New Shares and New Options); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole; or
- (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or
- (d) a material adverse effect on the tax position of either:
 - (i) the Company and its subsidiaries either individually or taken as a whole; or
 - (ii) an Australian resident Shareholder in the Company;

“**Official Quotation**” means the grant by ASX of "Official Quotation" (as that term is used in the Listing Rules) of all the New Shares and New Options when allotted which if conditional may only be conditional on (i) the allotment of the New Shares and New Options and (ii) securing the requisite number of Option holders to satisfy ASX spread requirements for quotation of the New Options;

“**Prescribed Occurrence**” means:

- (a) the Company (or any subsidiary) converting all or any of its shares into a larger or smaller number of shares;
- (b) the Company (or any subsidiary) resolving to reduce its share capital in any way;
- (c) the Company (or any subsidiary):
 - (i) entering into a buy back agreement or;
 - (ii) resolving to approve the terms of a buy back agreement under section 257C or 257D of the Corporations Act;
- (d) the Company (or any subsidiary) making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Rights Issue or the terms of the Underwriting Agreement;
- (e) the Company (or any subsidiary) issuing, or agreeing to issue, convertible notes;
- (f) the Company (or any subsidiary) disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;

- (g) the Company (or any subsidiary) charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) the Company (or any subsidiary) resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to the Company (or any subsidiary);
- (j) the making of an order by a court for the winding up of the Company (or any subsidiary);
- (k) an administrator of the Company (or any subsidiary), being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) the Company (or any subsidiary) executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company (or any subsidiary);

“**Relevant Company**” means the Company and any subsidiary;

“**Timetable**” means the timetable for the Rights Issue set out in the Underwriting Agreement as varied from time to time by written agreement of the Company and the Underwriter; and

“**Verification Material**” means the material maintained by the Company being the documents and information provided by the Company in verification of statements made in the Prospectus.

4.7 Interests of Directors

- (a) At the date of this Prospectus the relevant interests of each of the Directors in Shares and Options are as follows:

Directors	Shares		Options	
	Direct	Indirect	Direct	Indirect
Warwick Davies	10,335,000	4,968,750 ⁽¹⁾	Nil	Nil
William Mackenzie	Nil	Nil	Nil	Nil
Zhang Chi	Nil	343,384,166 ⁽²⁾	Nil	Nil

Notes:

1. These Shares are held in the name of Mrs Kerry Davies, Warwick Davies’ spouse.
2. These Shares are held in the name of Sinom (Hong Kong) Limited of which Mr Zhang Chi is a director and a controlling Shareholder.

Each Director’s current intention is to take up in full their respective Entitlements under the Rights Issue and via their respective nominees noted above.

- (b) 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 2 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.

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

Financial year up to 30 June 2011			
Director	Directors' Fees/ Salary/Superannuation (\$)	Equity (\$) (Options)	Total (\$)
Warwick Davies	165,408	34,281	199,689
Zhang Chi	Nil	10,277	10,277
William Mackenzie	Nil	7,546	7,546

Financial year up to 30 June 2010			
Director	Directors' Fees/ Salary/Superannuation (\$)	Equity (\$) (Options)	Total (\$)
Warwick Davies	161,459	111,058	272,517
Zhang Chi	Nil	55,054	55,054
William Mackenzie	Nil	65,749	65,749

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

Director	Directors' Fees/ Salary/Superannuation (\$)	Equity (\$) (Options)	Total (\$)
Warwick Davies	92,600	Nil	92,600
Zhang Chi	Nil	Nil	Nil
William Mackenzie	Nil	Nil	Nil

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive Directors as determined by the Directors and in default of agreement, then in equal shares.

Directors are entitled to be paid reasonable travelling, hotel and expenses incurred by them in the performance of their duties as directors.

The Company has entered into a consultancy agreement effective 31 August 2011 with Fairstone Holdings Pty Ltd pursuant to which Fairstone Holdings Pty Ltd will provide the services of Mr Warwick Davies to the Company (“**Consultancy Agreement**”). The Consultancy Agreement has a term of 3 years. Pursuant to the Consultancy Agreement, the Company will pay a minimum consultancy fee of \$14,400 per month (based on a minimum of 216 business days per annum of 8 hours per day at \$100 (excluding GST) per hour). Mr Warwick Davies is a director and shareholder of Fairstone Holdings Pty Ltd.

The Company has entered into Deeds of Indemnity, Access and Insurance on standard terms with each of Messrs Davies, Mackenzie and Chi. Those deeds indemnify Messrs Davies, Mackenzie and Chi in respect of certain liabilities and legal expenses incurred by them whilst acting as Directors and insure them against certain risks they are exposed to as Directors.

Zhang Chi, a Director, is also a director and controlling shareholder of Sinom. Sinom is a major Shareholder and holds approximately 19% of the Shares.

As set out in Section 4.6, Sinom is underwriting the Rights Issue. Please refer to this Section for a summary of the terms of the Underwriting Agreement.

4.8 **Potential control scenarios**

The following table shows the number of Shares on issue at the date of this Prospectus and the total number of Shares on issue as at the close of the Rights Issue based on the maximum total Shares to be issued under the Rights Issue (assuming no existing Options are exercised).

	Shares
Currently on issue	1,809,566,862
Maximum number of New Shares to be issued pursuant to the Rights Issue	904,783,431
Total after completion of the Rights Issue	2,714,350,293

The top twenty Shareholders as at the date of this Prospectus hold 63.80% of the issued ordinary shares in the Company.

An analysis of the changes in control has been undertaken to indicate the effect on Sinom's relevant interest in the Company under various scenarios. The results are detailed below. Each scenario below assumes that there is no exercise of Options by any party prior to completion of the Rights Issue.

Sinom has entered into an Underwriting Agreement to act as Underwriter for this Rights Issue. See Section 4.6 for the material terms of this Agreement. Sinom is a related party to the Company. Mr Zhang Chi is a non-executive director of the Company and Sinom is a major Shareholder. Mr Zhang Chi is a director and controlling shareholder of Sinom.

Subject to the terms of any sub-underwriting agreement, the Underwriter has the right to nominate and determine who is to receive the Shortfall Securities in consultation with the Company after Eligible Shareholders have had a chance to apply for Shortfall Securities. Sinom may appoint a sub-underwriter. The terms of the Underwriting Agreement do not prohibit the Underwriter or any related party from retaining the Shortfall Securities. The Underwriter may retain all, some or none of the Shortfall Securities.

Sinom as Underwriter of the Offer will be issued the Shortfall Securities after Eligible Shareholders have had an opportunity to take up Shortfall Securities, and this will have an impact on the scenarios outlined below.

Before Rights Issue

The following table outlines Sinom's relevant interest in Shares in the context of the existing Share capital of the Company at the date of this Prospectus.

Shareholder	Shares	% of Total Shares
Sinom	343,384,166	18.98
Others	1,466,182,696	81.02
TOTAL	1,809,566,862	100.00

Scenario 1 – Maximum Entitlement take up*

The following table shows the capital structure of the Company if each Eligible Shareholder elects to take up all of their Entitlements to subscribe for Shares pursuant to the Rights Issue.

Shareholder	Shares	% of Total Shares
Sinom	515,076,249	18.98
Others	2,199,274,044	81.02
TOTAL	2,714,350,293	100.00

Scenario 2 – Sinom takes up 100% of its Entitlement, all other Eligible Shareholders take up 50% of their Entitlement and Sinom takes up 100% of the Shortfall

The following table shows the capital structure of the Company in the event that other than Sinom, all Eligible Shareholders take up 50% of their Entitlement, Sinom elects to take up all of its Entitlement and Sinom takes up 100% of the Shortfall.

Shareholder	Shares	% of Total Shares
Sinom	881,621,923	32.48
Others	1,832,728,370	67.52
TOTAL	2,714,350,293	100.00

Scenario 3 – Sinom takes up 100% of its Entitlement, nil take up by other Eligible Shareholders and Sinom takes up 100% of the Shortfall

The table below shows the capital structure of the Company where all Eligible Shareholders (other than Sinom) elect not to take up their Entitlement and Sinom elects to take up all of its Entitlement and Sinom takes up 100% of the Shortfall.

Shareholder	Shares	% of Total Shares
Sinom	1,248,167,597	45.98
Others	1,466,182,696	54.02
TOTAL	2,714,350,293	100.00

Sinom's intentions for the Company

Given the potential increase in Sinom's voting power in the Company as a result of the Offer, there is also a requirement to provide details of Sinom's current intentions for the Company in the event that it gains effective control of the Company.

Sinom has informed the Company that if it were to gain effective control of the Company by virtue of its Shareholding, including New Shares acquired under the Offer, the current intentions of Sinom are as follows:

- (a) procure that the Company will:
 - (i) generally continue the business of the Company;
 - (ii) not make any major changes to the business of the Company nor redeploy any of the fixed assets of the Company; and
 - (iii) continue the employment of the Company's present employees and consultants; and
- (b) retain the current Board of the Company with the existing nominee of Sinom.

The intentions and statements of future conduct set out above must also be read as being subject to the legal obligation of the Company's Directors at the time, including any nominees of Sinom, to act in good faith in the best interests of the Company and for the proper purposes and to have regard to the interests of the Shareholders.

The implementation of Sinom's current intentions of its ownership of the Company will be subject to the law (including the Corporations Act), the Listing Rules and the Company's Constitution.

Sinom would only make a decision on its courses of action in light of material facts and circumstances at the relevant time and after it receives appropriate legal and financial advice on such matters, where required, including in relation to any requirements for Shareholder approval.

The statements above are of current intentions only which may change as new information becomes available or circumstances change. The statements should be read in this context.

4.9 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 2 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.

- Gilbert & Tobin have acted as solicitors to the Company in relation to this Prospectus. In respect of their work on this Prospectus, the Company will pay approximately \$20,000 (excluding GST) for these professional services. Gilbert & Tobin has provided other professional services to the Company during the last two years for which the Company has paid or will pay fees totalling approximately \$88,000 (excluding GST).

4.10 Expenses of the Rights Issue

The approximate expenses of the Rights Issue are as follows:

(a)	Legal fees	\$20,000
(b)	ASIC lodgement fees	\$2,137
(c)	ASX listing fees *	\$8,479
(d)	Printing, mailing and sundries	\$32,000
Total		\$62,616

* Based on 100% acceptance of Entitlements

These expenses are payable by the Company.

4.11 Consents

Each of the parties referred to in this Section 4.11:

- 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 4.11; and
- 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 4.11.

Mark Hill has given his written consent to the inclusion in this Prospectus of all statements made by him or attributed to or derived from those statements in the form and context in which they are included in the Chairman's Letter and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as the Company's share registry in the form and context in which it is named. Computershare Investor Services Pty Ltd 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 Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Sinom has given its written consent to the inclusion in this Prospectus of all statements made by it or attributed to or derived from those statements in the form and context in which they are included in Section 4.8 and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

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) Sinom (Hong Kong) Limited as Underwriter;
- (b) RSM Bird Cameron Partners as the Company's auditor;
- (c) Gilbert & Tobin as solicitors to the Rights Issue; and
- (d) Computershare Investor Services Pty Limited as the Company's share registry.

Section 5 **DEFINED TERMS**

“**\$**” means an Australian dollar;

“**Application**” means an application for securities offered under this Prospectus;

“**Application Form**” means the Entitlement and Acceptance Form and/or the Shortfall Application Form (as applicable);

“**ASIC**” means the Australian Securities and Investments Commission;

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

“**Board**” means the board of Directors;

“**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 7 March 2012;

“**Company**” or “**RMC**” means Resource Mining Corporation Limited ABN 97 008 045 083;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Directors**” means the directors of the Company;

“**Eligible Shareholder**” is a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date;

“**Entitlement**” or “**Right**” 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 form entitled "Entitlement and Acceptance Form (including Shortfall Shares)" 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;

“**Listed Option**” means an Option listed on ASX;

“**Listing Rules**” means the Listing Rules of ASX;

“**New Option**” means an Option offered pursuant to the Rights Issue on the terms set out in Section 4.5;

“**New Share**” means a new Share offered pursuant to the Rights Issue on the terms set out in Section 4.4;

“**Offer**” means an offer of Securities pursuant to this Prospectus;

“**Option**” means an option to acquire one Share;

“**Prospectus**” means this prospectus dated 9 February 2012;

“**Record Date**” means 5.00pm WST on 20 February 2012;

“**Rights Issue**” means the issue pursuant to the Prospectus of a pro-rata renounceable rights issue of approximately 1 New Share and 1 New Option on the basis of 1 New Share for every 2 Shares held on the Record Date at an issue price of \$0.0028 per New Share and 1 free attaching New Option (with an exercise price of \$0.006 each and an expiry date of 31 January 2015 for every 4 new Shares issued to raise approximately \$2,533,394.

“**Section**” means a section of this Prospectus;

“**Securities**” means Options and Shares;

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

“**Shareholder**” means the registered holder of a Share;

“**Shortfall**” or “**Shortfall Securities**” means the New Shares and free attaching New Options forming Entitlements, or parts of Entitlements, not accepted by Eligible Shareholders;

“**Shortfall Application Form**” means the form entitled “Shortfall Application Form (for Non-Shareholders)”;

“**Sinom**” means Sinom (Hong Kong) Limited;

“**Underwriter**” means Sinom;

“**Underwriting Agreement**” means the underwriting agreement dated on or around 7 February 2012 between the Company and the Underwriter;

“**WA**” means Western Australia; 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 and free attaching New Options 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: 9 February 2012

William Mackenzie
Director

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