



**RESOLUTE
MINING
LIMITED**

ACN 097 088 689



PROSPECTUS

FOR AN OFFER OF CONVERTIBLE
NOTES AND OPTIONS

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.
SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

IMPORTANT INFORMATION

This Prospectus is dated 28 November 2008 and was lodged with the ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus.

The Convertible Notes issued pursuant to this Prospectus will be issued in accordance with the Trust Deed entered into by the Company and the Trustee on 28 November 2008 and the terms and conditions of which are summarised in Section 6.2.

The Convertible Notes are classified as unsecured notes for the purposes of section 283BH of the Corporation Act.

A copy of this Prospectus is available for inspection at the registered office of the Company at 4th Floor, BGC Centre, 28 The Esplanade, Perth, Western Australia, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 6.9).

The Company has applied for Official Quotation by ASX of the Securities offered by this Prospectus.

The Securities offered by this Prospectus should be considered speculative. Please refer to Section 5 for details relating to investment risks.

Applications for Securities can only be submitted on an original Application Form sent with, or attached to, a copy of this Prospectus by the Company, and returned to them together with the appropriate payment.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

The Prospectus will generally be made available in electronic form during the Exposure Period by being posted on the Company's website at www.rml.com.au or at Patersons' website at www.psl.com.au. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus the Application Form (free of charge) from the Company's principal place of business during the offer period by contacting the Company. The Convertible Note Offer and Option Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and Application Form within Australia and New Zealand.

Applications for Securities will only be accepted on an Application Form accompanying this Prospectus or in its paper copy form as downloaded in its entirety from www.rml.com.au or www.psl.com.au. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Convertible Note Offer and Option Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Convertible Note Offer and Option Offer.

Applications for Securities under the Convertible Note Offer will not be processed until after expiry of the Exposure Period pursuant to Chapter 6D of the Corporations Act. No preference will be conferred on Applications received during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the date on which the Convertible Note Offer opens. If the Exposure Period is extended by ASIC, Applications will not be processed until after expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the acceptance of Applications and the raising of funds. That examination may result in the identification of deficiencies in the Prospectus and, in those circumstances any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus or the Securities.

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

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

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

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

Corporate Directory

Directors

Peter Huston	Non-Executive Chairman
Peter Sullivan	Director
Tom Ford	Non-Executive Director
Henry (Bill) Price	Non-Executive Director

Company Secretary Greg Fitzgerald

ASX Code RSG

Principal and Registered Office

4th Floor
BGC Centre
28 The Esplanade, Perth WA 6000
Tel: + 61 (0)8 9261 6100
Fax: + 61 (0)8 9322 7541
Website: www.rml.com.au

Trustee

Trust Company Fiduciary Services Limited
Level 4, 35 Clarence Street
Sydney NSW 2000

Securities Exchange Listing

Australian Securities Exchange Limited
Home Branch – Perth

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway,
Applecross WA 6153

Solicitors to the Company

Hardy Bowen
Level 1, 128 Ord Street
WEST PERTH WA 6005

Lead Manager

Patersons Securities Limited
Level 23, Exchange Plaza
Perth WA 6000
Tel: + 61 (0)8 9263 1111
Fax: + 61 (0)8 9325 5123
Website: www.psl.com.au

Indicative Timetable of Convertible Note Offer

Lodge Prospectus with ASIC	28 November 2008
Exposure period expires on Convertible Note Offer Prospectus	5 December 2008
Opening Date of Convertible Note Offer (including Priority Offer)	8 December 2008
Despatch Prospectus and Priority Offer Application Form to Eligible Shareholders	8 December 2008
Closing Date of Convertible Note Offer (including Priority Offer)	17 December 2008
Expected issue date of Convertible Notes	22 December 2008
Anticipated commencement of trading of Convertible Notes and Options	30 December 2008

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1. The Company's Major Projects

1.1 Syama

The Syama Gold Project is located in the south of Mali, West Africa approximately 30kms from the Côte d'Ivoire border and 300km southeast of the capital Bamako.

Resolute has an 80% interest in the project through its equity in Société des Mines de Syama S.A. (SOMISY). The Malian Government holds a 20% interest in SOMISY, 15% of which is free carried.

The Syama gold mine was established by BHP Ltd in 1990 as an oxide operation and in 1994 the decision was made to build a primary ore processing facility to treat the hard, refractory ore based on whole of ore roasting. It was operated by BHP until 1996 and by Randgold Resources Ltd from 1996 to 2001. Both operators were unable to achieve a sustainable operation based on whole of ore roasting, coupled with a low prevailing gold price, and Randgold placed the operation on care and maintenance in 2001.

Resolute acquired the project in June 2004 after completing a positive pre-feasibility study, and completed a Feasibility Study in April 2005. This study shows positive returns based on a modified flow sheet that processes a sulphide concentrate through the roasting circuit.

The re-development project was initiated by Resolute in 2006 and as at 31 October 2008 was overall 88% complete, with the oxide plant being commissioned and the first gold pour occurred on 24 November 2008. Roaster commissioning and sulphide ramp-up is scheduled for March quarter 2009.

The single open pit operation currently has a six to seven year mine life with potential to increase reserves by development of an underground operation or by the discovery of new resources.

1.2 Ravenswood

The Ravenswood gold mine is located approximately 95km south-west of Townsville and 65km east of Charters Towers in north-east Queensland.

Resolute has a 100% interest in this mine, which was acquired from Xstrata Queensland Limited in early 2004, through its subsidiary Carpentaria Gold Pty Ltd.

Historically the majority of ore for the Ravenswood Operations has been sourced from the Sarsfield open pit and the low-grade screening plant. The ore is treated using conventional three stage crushing, ball-milling and carbon-in-pulp (CIP) processing at the rate of approximately 5Mtpa.

Over the past two years the nearby Mt Wright underground ore body has been developed.

The open pit will be completed in the March 2009 quarter and ore will then be sourced from low-grade stockpiles to be blended with increasing amounts of Mt Wright underground ore. The processing plant will be progressively reconfigured for the treatment of lower tonnages of higher grade ore.

During the 2008 financial year the operation produced 142,833 (2007: 117,521) ounces of gold at a cash cost of A\$743 (2007: A\$781).

It has now produced in excess of 600,000 ounces of gold since being acquired in 2004.

1.3 Golden Pride

The Golden Pride gold mine is located in Tanzania, East Africa, 750km north-west of the port of Dar es Salaam and 200km south of Lake Victoria.

Resolute has a 100% interest in the project through its Tanzanian subsidiary, Resolute (Tanzania) Limited.

Ore for the Golden Pride Operations is sourced entirely from the single open pit mining operations. The ore is treated using conventional three stage crushing, ball-milling and carbon-in-pulp (CIP) processing at the rate of approximately 2.5Mtpa.

During the 2008 financial year the Golden Pride open cut mine produced 150,224 (2007: 138,421) ounces of gold at a cost of US\$446 (2007: US\$403) per ounce.

It has now produced in excess of 1.55 million ounces of gold since development and commissioning in 1998.

1.4 Annual Report

The Annual Report advised Shareholders of the need for the Company to raise further funds to continue as a going concern. The Capital Raising seeks to raise these funds.

Further information about the Company and its operations can be found in the Annual Report of the Company.

1.5 Risk Factors

Resolute is at a critical stage of developing new projects, the success of which is integral to its future success. The development, completion and future operation of these projects is subject to some specific risks in addition to the usual risks associated with a mineral producer and explorer and the general risks of investing in listed companies.

Section 5 contains details of the risks of an investment in the Company.

2. Capital Raising

2.1 Description of the Capital Raising

On 18 November 2008 the Company announced the Capital Raising consisting of the following:

- (a) An offer by way of a placement of Convertible Notes to Shareholders, clients of Patersons and the general public to raise up to \$60 million where each Convertible Note will be listed, unsecured, have a face value of \$0.50 (a total of 120,000,000 Convertible Notes), an interest rate of 12% per annum and a four year term (**Convertible Note Offer**). The Company will issue 1 free attaching Option for every 3 Convertible Notes subscribed for under the Convertible Note Offer.

The Company has set aside and will ensure that Eligible Shareholders have the right to subscribe for a minimum of up to 20,000,000 Convertible Notes on a priority basis under Convertible Note Offer (**Priority Offer**) to raise up to \$10,000,000.

The balance of the Convertible Note Offer (up to \$50 Million) will be offered to major Shareholders, clients of Patersons and the general public.

- (b) A non-renounceable pro rata offer to Eligible Shareholders of 1 Share for every 9 Shares held at the record date where each Share is offered at an issue price of \$0.40 (**Pro rata Offer**) to raise up to \$12.5million. The Company will also issue 1 free attaching Option for every 3 Shares subscribed for under the Pro rata Offer. (Refer Section 2.2).

The Company has engaged Patersons as Lead Manager to the Capital Raising.

Patersons has obtained firm commitments totalling approximately \$50,000,000 from major Shareholders of the Company, clients of Patersons and the general public to subscribe under the Convertible Note Offer and any shortfall under the Priority Offer and Pro rata Offer.

Eligible investors who gave a firm commitment to the Capital Raising prior to the lodgement of this Prospectus will be granted 1 Option for every 3 Convertible Notes or every 3 Shares committed. This Option is in addition to the 1 Option for each 3 Convertible Notes or every 3 Shares subscribed for under the Convertible Note Offer and the Pro rata Offer respectively.

2.2 Pro rata Offer

As part of the Capital Raising, concurrently with the Convertible Note Offer and pursuant to a separate prospectus lodged with ASIC on 26 November 2008, the Company is making the Pro rata Offer to Shareholders. If fully subscribed the Pro rata Offer will raise \$12.5 million before costs.

Shareholders should note that the prospectus for the Pro rata Offer will be sent to Shareholders following the record date on 10 December 2008. This means that Shareholders are unlikely to be able to subscribe to the Priority Offer under this Prospectus and their entitlement under the Pro rata Offer at the same time. Shareholders who wish to subscribe under the Priority Offer for Convertible Notes should do so immediately and should not wait to receive their offer under the Pro rata Offer before responding to the Priority Offer.

The proposed timetable for the Pro rata Offer is set out below.

Lodge Pro rata Offer prospectus	26 November 2008
Despatch letter to Shareholders	28 November 2008
Existing Shares quoted on an ex basis	1 December 2008
Record Date for determining entitlements	5 December 2008
Despatch of rights issue prospectus to Eligible Shareholders	10 December 2008
Closing Date	24 December 2008
Anticipated date of commencement of share trading	6 January 2009

2.3 Capital structure on completion of the Capital Raising

The capital structure of the Company on completion of the Capital Raising and assuming it is fully subscribed for is set out below.

	Shares	Convertible Notes	Options	Unlisted Options
Existing	281,034,725			2,297,000
Convertible Note Offer		120,000,000	40,000,000	
Pro rata Offer 1:9	31,226,081		10,408,694	
Options for making a firm commitment to the Capital Raising (max) ¹			33,710,493 ¹	
Options to be issued to standby facility provider ⁽²⁾			1,250,000	
Total	312,260,806	120,000,000³	85,369,187	2,297,000²

¹ 33,710,493 Options will be offered to parties from which firm commitments to subscribe under the Convertible Note Offer and shortfall under the Pro rata Offer have been received prior to the date of lodgement of this Prospectus.

² The Company will offer 1,250,000 Options to the provider of a standby facility following the second tranche of \$10m having been drawn down by the Company.

³ Each Convertible Note converts into 1 Share.

2.4 Use of funds

Funds raised from the Capital Raising will be utilised primarily as set out below.

Projected use of funds raised	Firm Commitments \$50 million¹	Maximum Funds Raised \$72 million
Completion of the Syama mine	30.0	30.0
Ramp up of Syama operation	17.3	22.0
Development at Mt Wright	-	5.0
Completion of Syama Free Milling and Finkolo Feasibility Studies	-	3.0
Working Capital and funds to pay down debt	-	8.6
Expenses of Offers	2.7	3.9
Total	50.0	72.5

¹ This column shows how the funds raised will be spent if the only funds raised by the Capital Raising are those for which firm commitments have been received.

2.5 Effect of the Capital Raising on the balance sheet of the Company

The effect of the Capital Raising on the balance sheet of the Company is set out in Section 4.

3. Details of the Convertible Note Offer

3.1 The Convertible Note Offer

Under this Convertible Note Offer the Company offers up to 120,000,000 Convertible Notes to Shareholders, clients of Patersons and the general public where each Convertible Note will be unsecured, listed, have a face value of \$0.50, an interest rate of 12% per annum and a four year term. The Company will issue 1 free attaching Option for every 3 Convertible Notes subscribed for under the Convertible Note Offer. Further terms and conditions of the Convertible Notes are in Sections 6.1 and 6.2.

The Company has set aside up to \$10million of the Convertible Note Offer to be offered to Eligible Shareholders of the Company on a priority basis under the Priority Offer. Further details of the Priority Offer are in Section 3.2.

Applications under the Convertible Note Offer can only be made on either the personalised yellow Priority Offer Application Form enclosed with this Prospectus or the Convertible Note Offer Application Form attached to this Prospectus. Applicants should complete the Convertible Note Offer Application Form in accordance with the instructions on the Convertible Note Offer Application Form and return the same to the Company's Share Registry together with the cheque for the Applications Moneys made payable to **Resolute Mining Limited – Capital Raising Account** by the Closing Date.

Participation in the Convertible Note Offer is at the absolute discretion of the Directors.

3.2 The Priority Offer

The Company has set aside and will ensure that Eligible Shareholders have the right to subscribe for a minimum of 20,000,000 Convertible Notes on a priority basis under the Convertible Note Offer to raise up to \$10 million.

Eligible Shareholders registered at the Priority Date will have priority under the Convertible Note Offer to participate in the Convertible Note Offer. Applications by Eligible Shareholders must be for a minimum of 4,000 Convertible Notes.

There is no maximum to which Eligible Shareholders may make application for under the Priority Offer.

The priority entitlement for Eligible Shareholders will only operate for Applications received by the Company on or before the Closing Date (17 December 2008).

If the Company is required to scale back applications under the Priority Offer the Company will make such scale backs on a pro rata basis such that the amount subscribed by each Eligible Shareholder will be reduced proportionately to the total amount subscribed under the Priority Offer subject to all Applicants receiving a minimum of 4,000 Convertible Notes.

Applications under the Priority Offer can only be made on the personalised yellow Priority Offer Application Form sent to Eligible Shareholders with a copy of this Prospectus. Eligible Shareholders should complete the Priority Offer Application Form in accordance with the instructions on the Priority Offer Application Form and return the same to the Company's Share Registry together with the cheque for the Applications Moneys made payable to **Resolute Mining Limited – Capital Raising Account** by the Closing Date.

3.3 Option Offer

Pursuant to this Prospectus the Company offers up to 33,710,493 Options to parties who have provided an irrevocable commitment to subscribe for Convertible Notes or shortfall in the Pro rata Offer on the basis of 1 Option for every 3 Convertible Notes or every 3 Shares committed (**Option Offer**).

The Options offer under the Option Offer are in addition to the 1 Option for each 3 Convertible Notes or every 3 Shares subscribed for under the Convertible Note Offer and the Pro rata Offer respectively.

Applications under the Option Offer can only be made on the personalised Option Offer Application Form sent to participants by the Company with a copy of this Prospectus. Participants should complete the Option Offer Application Form in accordance with the instructions on the Option Offer Application Form and return the same in accordance with the instructions on the Option Offer Application Form.

3.4 Conditions of the Convertible Note Offer

The Convertible Note Offer (including the Priority Offer) is conditional on Shareholder approval of the Convertible Note Offer.

Should the condition in this Section 3.4 not be satisfied then the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

3.5 Opening and Closing Dates

The Company will accept Application Forms between the Opening Date and Closing Dates or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

3.6 Lead Manager

The Company has appointed Patersons as Lead Manager to the Capital Raising. Patersons will assist the Company with the Capital Raising on a best endeavours basis.

As Lead Manager Patersons will receive a fee of 5% of the total amount raised under the Capital Raising.

3.7 Exposure Period

Applications for Convertible Notes under this Prospectus will not be processed until after expiry of the Exposure Period pursuant to Chapter 6D of the Corporations Act. No preference will be conferred on Applications received for Convertible Notes during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the date on which the Convertible Note Offer opens. If the Exposure Period is extended by ASIC, Applications will not be processed until after expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the acceptance of Applications and the raising of funds. That examination may result in the identification of deficiencies in the Prospectus and, in those circumstances any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

3.8 Application forms

Application Forms will be provided by the Company with a copy of this Prospectus and creates a legally binding contract between the Applicant and the Company for the number of Securities accepted by the Company. Application Forms do not need to be signed to be a binding acceptance of Securities.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form is final.

3.9 Issue and despatch

Securities under the Convertible Note Offer and Option Offer are expected to be issued, and Securityholder statements despatched, within 6 Business Days of the Closing Date.

It is the responsibility of Applicants to determine their allocation prior to trading in the Securities offered by this Prospectus. Applicants who sell Securities before they receive their holding statements will do so at their own risk.

3.10 Application Monies held on trust

All Application Monies received for the Securities offered by this Prospectus will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus and the Pro rata Offer prospectus until the Securities are issued. All Application Monies will be returned (without interest) if the Securities are not issued.

3.11 ASX quotation

Application has been made to ASX for the Official Quotation of the Securities offered by this Prospectus. If permission is not granted by ASX for the Official Quotation of the Securities offered by this Prospectus within 3 months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

3.12 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532 (ASTC), a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Securities.

If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number and the participant identification number of the sponsor. If you are registered on the Issuer Sponsored subregister, your statement will be despatched by the Share Registry and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Securityholders at the end of any calendar month during which the balance of their Securityholdings changes. Share Securityholders holders may request a statement at any other time, however, a charge may be made for additional statements.

3.13 Overseas investors

This Prospectus and an accompanying Application Form do not, and are not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Securities. 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.

3.14 Risk factors

An investment in Securities pursuant to this Prospectus should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are set in Section 5.

3.15 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

3.16 Major activities and financial information

A summary of activities relating to the Company for the year ended 30 June 2008 and the quarter ended 30 September 2008 are set out in the quarterly activities report and the Full Year Statutory Accounts, lodged with ASX on 29 October 2008 and 30 September 2008 respectively. The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of the Full Year Statutory Accounts are listed in Section 6.9.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Convertible Note Offer.

3.17 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 8 9261 6100.

4. Effect of the Capital Raising on the balance sheet

4.1 Pro forma balance sheets

	<i>Audited Jun-08 A\$'000</i>	<i>Unaudited Sep-08 A\$'000</i>	<i>Convertible Note Offer Unaudited A\$'000</i>	<i>Pro-rata Offer Unaudited A\$'000</i>	<i>Proforma Accounts Unaudited Sep-08 A\$'000</i>
Current Assets					
Cash and cash equivalents	29,731	10,462	56,752	11,814	79,028
Receivables	14,922	17,307	-	-	17,307
Inventories	43,209	52,348	-	-	52,348
Available for sale financial assets	4,708	2,794	-	-	2,794
Financial derivative assets	9	2	-	-	2
Other	3,629	5,422	-	-	5,422
Total Current Assets	96,208	88,335	56,752	11,814	156,901
Non Current Assets					
Financial derivative assets	8,951	8,873	-	-	8,873
Exploration and evaluation	62,109	74,145	-	-	74,145
Development expenditure	257,433	313,173	-	-	313,173
Property, plant and equipment	95,438	107,006	-	-	107,006
Deferred expenditure	15,073	15,794	-	-	15,794
Other	2,733	3,010	-	-	3,010
Total Non Current Assets	441,737	522,001	-	-	522,001
Total Assets	537,945	610,336	56,752	11,814	678,902
Current Liabilities					
Payables	39,514	57,472	-	-	57,472
Interest bearing liabilities ⁽¹⁾⁽²⁾	12,562	16,310	-	-	16,310
Tax liabilities	2,160	2,160	-	-	2,160
Financial derivative liabilities	31,602	30,345	-	-	30,345
Provisions	5,289	5,198	-	-	5,198
Total Current Liabilities	91,127	111,485	-	-	111,485
Non Current Liabilities					
Interest bearing liabilities ⁽¹⁾⁽²⁾	55,194	64,866	46,099	-	110,965
Provisions	26,298	28,377	-	-	28,377
Financial derivative liabilities	93,032	116,923	-	-	116,923
Other liabilities	324	324	-	-	324
Deferred tax liabilities	1,330	1,610	-	-	1,610
Total Non Current Liabilities	176,178	212,100	46,099	-	258,199
Total Liabilities	267,305	323,585	46,099	-	369,694
Net Assets	270,640	286,751	10,653	11,814	309,218
Equity					
Contributed equity	171,867	172,139	-	11,555	183,694
Reserves	(9,333)	10,890	10,653	259	21,802
Retained profits	105,402	101,018	-	-	101,018
Parent entity interest in equity	267,936	284,047	10,653	11,814	306,514
Minority interest	2,704	2,704	-	-	2,704
Total Equity	270,640	286,751	10,653	11,814	309,218

⁽¹⁾ Since 30 September 2008 and to the date of this Prospectus the Company has drawn down all of its standby credit facility totalling \$20 million which is being utilised to fund the development of its projects and meet normal operating costs including the provision of working capital.

⁽²⁾ The Company has entered into a deed of variation with the Senior Creditor whereby it has agreed that the final repayment date under its facility will be amended to 10 December 2012 (previously 31 December 2012).

Basis of Preparation

The pro forma balance sheet is based on the balance sheet as at 30 September 2008 that has then been adjusted to reflect the issue of up to 120,000,000 Convertible Notes pursuant to the Convertible Note Offer to raise up to \$60,000,000 and the issue of up to approximately 31,250,000 Shares pursuant to the Pro rata Offer to raise up to approximately \$12,500,000, before costs of the Capital Raising of approximately \$3,934,000. The pro-forma is prepared on the basis that the Capital Raising is fully subscribed and raises \$68,566,000 after costs.

4.2 Market price of Shares

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$1.665 on 22 September 2008

Lowest: \$0.46 on 17 October 2008

The latest available market sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.48 per Share on 17 October 2008. The Company's Shares were placed in a trading halt on 20 October 2008 and were subsequently suspended at the request of the Company on 22 October 2008 pending the re-assessment of the prior renounceable rights issue. It is expected the Company's Shares will re-commence trading on ASX on completion of the Convertible Note Offer.

4.3 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4.4 Contingent Assets and liabilities

Details relating to contingent assets and contingent liabilities are set out in the Full Year Statutory Accounts lodged with ASX on 30 September 2008.

5. Risk factors

An investment in Securities offered by this Prospectus should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company.

The Directors consider that the following summary, which is not exhaustive, represents some of the specific risk factors which potential investors need to be aware of in evaluating the Company's business and risks of an investment or increasing your investment in the Company. Investors should carefully consider the following factors.

5.1 Specific Risks

(a) Future capital requirements

The Company's growth through expansion of its current business will require substantial expenditures. There can be no guarantees that the Company's cash reserves together with funds raised from the Capital Raising will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Capital Raising, existing working capital and funds generated from operations, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse affect on the Company's activities.

As highlighted in the Company's Full Year Statutory Accounts, if the Company's cash reserves, funds raised from the Capital Raising and funds generated from current operations are not sufficient to fully pay for the current development and the Company is unable to raise further funds to meet these costs it could result in significant uncertainty as to whether the Company will be able to continue as a going concern and therefore whether the Company will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of its business.

(b) Syama Ore Processing Risk

The Syama gold mine in Mali was previously operated using a primary ore processing facility to treat the hard, refractory ore based on 'whole of ore' roasting. Previous operators were unable to achieve a sustainable operation based on the 'whole of ore' roasting approach. The Company therefore decided to convert the Syama roaster, from its current configuration as a whole of ore roaster to a circulating fluid bed concentrate unit. The decision to change configuration has been supported by testwork but the process is yet to be proven on a larger scale.

(c) Development Risk

The Company is in the development stages of the Syama gold project and Mt Wright mine. The development of all mining operations involves a significant amount of risk. Should the Company experience problems or delays with the development of these projects or should the costs of such developments exceed budgets then this may have a material adverse effect on the Company's business and its financial condition.

(d) Ramp up Risk

The Company's production schedule at the Syama Project involves a progressive ramp up to optimum rates of production and gold extraction. There is a risk that for a number of reasons, some which may be out the Company's control that the ramp up to optimum rates may be delayed or not achieved at all. Not being able to achieve a ramp up to optimal production rates within the timeframes planned may have a material adverse effect on the Company's business, financial condition, results of operations and cashflows.

(e) Nature of Convertible Notes

The Convertible Notes are a form of unsecured debt. Accordingly, Noteholders will rank equally with all other ordinary unsecured creditors and will rank below secured creditors. In the event of a winding up, Noteholders will only have a right to repayment of the face value and any interest payable in accordance with the conditions of the Convertible Notes after all secured creditors, and any secured creditors preferred by law, have been paid in full. If there is a shortfall in funds on winding up the Company, Noteholders may not receive repayment of the face value or any interest payable in accordance with the terms of the Convertible Notes.

The interest payable in accordance with the terms of the Convertible Notes is at the fixed rate of 12% per annum. The market for interest rates is volatile and there is a risk that the level of interest rates may increase, making the interest rate payable on the Convertible Notes less attractive when compared to other rates of return available.

The Company has applied for Official Quotation of the Convertible Notes on ASX. The Convertible Notes may trade at a price below the face value. In particular, the price at which the Convertible Notes trade may be affected by market sentiment arising from such factors including changes in interest rates, taxation implications and economic conditions and movements in the Australian and international financial markets. The price at which the Convertible Notes trade may also be affected by the price of the Shares of the Company.

The market for Convertible Notes on ASX may be less liquid than the market for the Shares of the Company. As a result, Noteholders may not be able to sell their Convertible Notes at a price that is in accordance with their expectations, or at all, if there is insufficient liquidity.

Under the Convertible Note terms, the Company may redeem the Convertible Notes on the occurrence of a takeover event, even if it is before the maturity date. This may be disadvantageous to Noteholders in light of interest rates, market conditions or individual circumstances at the time.

(f) Negative Pledge and subordination of Convertible Notes

Under the terms of the Trust Deed and Subordination Agreement the Company has agreed to certain negative pledge arrangements and to the subordination of the amounts outstanding under the Convertible Notes to the Senior Creditor debt facility.

Further the face value of the Convertible Notes cannot be repaid until the Senior Creditor debt facility is repaid in full. Interest on the Convertible Notes can not be paid where there is a default or potential default under the terms of the Senior Creditor debt facility. This may effect the timing and ability of Noteholders to be paid interest and be repaid the face value of the Convertible Notes.

While the Convertible Notes are on issue these arrangements may restrict the Company's ability to enter into financing arrangements in the future in that it caps the secured financial indebtedness the Company may have.

The inability of the Company to raise further amounts utilising the debt markets may have a material impact on its ability to develop its projects successfully and on the Company's overall business and financial condition.

(g) Syama Project Mining Licence

The mining licence held by the Company over the Syama project expires on 29 March 2009. The Company has made application for renewal of the licence and has, in the opinion of Directors, met all requirements for the renewal of the licence and Directors are not aware of any reason why the licence will not be renewed. There is a risk, however that the extension of the mining licence may be delayed or that it may not be renewed as a result of the mining authority disagreeing with the Company's view that the requirements for renewal have been satisfied. Any delay in the renewal of the licence or if the Company is unable to get the licence renewed may have a material impact on the Company's overall business and financial condition.

(h) Tanzania and Mali sovereign risk

The Company's Mali and Tanzanian projects are subject to the risks associated in operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in Mali or Tanzania that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company.

(i) Legal systems in Mali and Tanzania

The legal systems operating in Mali and Tanzania may be less developed than more established countries, which may result in risk such as:

- (i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;
- (ii) a higher degree of discretion on the part of governmental agencies;
- (iii) the lack of political or administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights;
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (v) relative inexperience of the judiciary and court in such matter.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, license application or other legal arrangements will not be adversely affected by the

actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

(j) Hedging arrangements

The Company has entered into various hedging arrangements including gold options and gold forward contracts to manage the risks associated with gold price fluctuations.

The use of these kinds of arrangements requires the Company to produce and deliver gold to satisfy the contracts. If there is an interruption to production or insufficient gold is produced by the Company it will not be able to fulfil its obligations. This may require it to purchase gold on the spot market. There is a risk that gold may have to be purchased at a higher price than the Company receives under its hedging arrangements which may have a material impact on the Company's business, financial condition, results of operations and cashflows.

(k) Diesel fuel costs

At the Syama project the Company has developed its own power generation plant fired by diesel fuel. In addition the Company provides diesel fuel for the operation of a large fleet of mobile mining equipment powered by diesel fuel.

The cost of diesel fuel forms a significant proportion of the Company's operating costs.

The price of diesel fuel has fluctuated widely in recent years and may continue to fluctuate significantly in the future.

Fluctuations in diesel prices and, in particular, a material increase in the price of diesel fuel, may have a material adverse effect on the Company's business, financial condition, results of operations and cashflows.

(l) Foreign Exchange Risk associated with development of the Syama Project

Exchange rates between currencies are affected by numerous factors beyond the control of the Company. These factors include expectations regarding inflation, interest rates, demand for, and supply of commodities as well as general global economic conditions.

A large proportion of the remaining development costs associated with the development of the Syama project, which will be funded from the Capital Raising are denominated in United States dollars or South African rand.

The exchange rate between Australian dollars and United States dollars has been increasingly volatile and may remain so during the development of the Syama project. Adverse movements in the exchange rate between Australian dollars and United States dollars or between Australian dollars and South African rand may materially increase the cost of development of the Syama Project and have a material adverse effect on the Company's business, financial condition, results of operations and cashflows.

(m) Global Credit and Investment Markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have lead to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's Securities trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(n) Gold price volatility and foreign exchange risk on revenues and expenses

The revenue the Company derives through the sale of gold exposes the income of the Company to gold price risks.

Gold prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for gold, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, the gold price is also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, gold as well as general global economic conditions. These factors may have an adverse effect on the price the Company receives for its gold.

Furthermore, the price of gold and a significant portion of the Company's operating expenses are denominated in United States dollars whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(o) General Environmental Risks

Mining is an industry which has become subject to increasing environmental responsibility and liability. The potential liability is an ever-present risk. The company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it has not been responsible.

(p) Resource and Reserve Estimates

Resource and Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisations or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(q) Securityholder' Margin Lending arrangements

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

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

(r) Taxation and government regulations

Changes in taxation and government legislation in a range of areas (for example, Corporations Act, accounting standards, and taxation law) can have a significant influence on the outlook for companies and the returns to investors.

(s) Reliance on key personnel

The Company is reliant on its management. The loss of one or more of these individuals could adversely affect the Company.

In addition, the Company's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees and consultants. Although the Company expects to be able to do so in the future, there can be no assurance that the Company will be able to attract and retain skilled and experienced personnel and consultants.

(t) 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 activity.

(u) Exploration, development, mining and processing risks

Mineral exploration, project development and mining by their nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable ore resources;
- (ii) successful conclusions to bankable feasibility studies;
- (iii) access to adequate capital for project development;
- (iv) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (v) securing and maintaining title to tenements;
- (vi) obtaining consents and approvals necessary for the conduct of exploration and mining;
- (vii) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and
- (viii) adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from development of tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

(v) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) Identifying a metallurgical process through testwork to produce a saleable metal and/or concentrate;
- (ii) Developing an economic process route to produce a metal and/or concentrate; and

- (iii) Changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(w) Operational and technical risks

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

- (i) geological, geotechnical and hydrogeological conditions;
- (ii) limitations on activities due to seasonal weather patterns and cyclone activity;
- (iii) alterations to joint venture programs and budgets;
- (iv) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- (v) electrical and mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vi) unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;
- (vii) the supply and cost of skilled labour;
- (viii) unexpected shortages or increases in the costs of water, consumables, diesel fuel, tyres, spare parts and plant and equipment;
- (ix) prevention or restriction of access by reason of political unrest, outbreak of hostilities and inability to obtain consents or approvals (including clearance of work programs pursuant to the existing and any future access agreements entered into with the registered Aboriginal Land Council and the Native Title claimants); and
- (x) the Company has a policy of obtaining insurance for environmental and other operational risks where appropriate, taking into consideration the availability of cover and premium costs and where required under its contractual commitments.

(x) Title, Tenure and Access

All mining tenements and licences which the Company owns or may acquire either by application, sale and purchase or farm-in are regulated by the applicable mining legislation. There is no guarantee that applications will be granted as applied for (although the Company has no reason to believe that the tenements or licenses will not be granted in due course). Various conditions may also be imposed as a condition of grant. In addition a relevant minister or government agency may need to consent to any transfer of tenement to the Company.

Renewal of titles or licences is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable mining legislation. In addition, the relevant minister or government agency may impose conditions on any renewal, including relinquishment of ground.

5.2 General Risks

(a) Securities Investment

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's Securities trade may be above or below the issue price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. These factors may materially affect the market price of the Securities, regardless of the Company's operational performance.

(b) Share Market Conditions

The market price of the Securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for securities in general and resource 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.

(c) General Economic Climate and Share Market Conditions

Factors such as global credit risks, inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, commodity prices and stock market prices. The Company's future revenues and the market price for its listed securities may be affected by these factors, as well as fluctuations in the price of minerals, which are beyond the Company's control.

5.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Potential investors should consider that an investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Securities pursuant to this Prospectus.

6. Additional Information

6.1 Material Terms and Conditions of Convertible Notes

(a) Trust Deed and Trustee

The terms and conditions are subject to and conditional upon the terms of the Trust Deed and Subordination Deed.

(b) Terms

The Convertible Notes have a face value of \$0.50, bear interest, are convertible into Shares, redeemable where the Convertible Note is not converted and matures on the date that is four (4) years from the date the first Convertible Note is issued under the Trust Deed.

(c) Unsecured and subordinated liability

Subject to the Subordination Deed, the Convertible Notes will be an unsecured liability of the Company and will rank equally with other unsecured liabilities of the Company.

The principal amount, all related rights, claims and payments are subordinated and postponed to and rank in priority after the Company's secured facility agreements.

(d) Interest

Subject to the Subordination Deed, interest will be payable on the face value at the rate of 12% per annum, will accrue from day to day prior to the maturity date and subject to paragraphs 6.1(e) and 6.1(f), will be payable no later than 3 Business Days after the relevant interest payment date in respect of the interest that has accrued since the last interest payment date.

(e) Deferral of Interest Payment

The Company may in its absolute discretion by notice in writing to the Trustee elect to defer payment of interest from the next interest payment date following the giving of written notice until the third anniversary of the issue date of the Convertible Notes.

(f) Issue of Shares in lieu of interest

The Company may elect to issue Shares in lieu of paying interest. The Company may only issue Shares in lieu of paying interest where it can do so in accordance with the requirements of Listing Rule 7.1 or where it obtains the prior approval of Shareholders. The issue price at which each Share will be issued is the price which is a 7.5% discount to the volume weighted average price on the 5 preceding days on which Shares have been traded prior to the day on which interest becomes payable and \$0.0005 whichever is the greater.

(g) Payment of Interest on Conversion

If the conversion option is exercised in respect of a Convertible Note after an interest payment date but before the next interest payment date then, because interest is payable in arrears, on the next interest payment date being a date following the date of conversion the Company will pay to the Noteholder on the next interest payment date an amount of interest calculated on a pro rata basis.

(h) Payment of Interest on Redemption

If the Convertible Note is redeemed after an interest payment date but before the next interest payment date then, interest from the last interest payment date prior to the

redemption event in paragraph 6.1(h) until the date on which the redemption amount is paid will be paid by the Company to the Noteholder on the date of redemption on a pro rata basis.

(i) Redemption

Subject to the Subordination Deed, a Convertible Note will be redeemed as follows:

- (i) in accordance with the terms of the Trust Deed;
- (ii) by the Company redeeming the Convertible Note early in accordance with paragraph 6.1(k);
- (iii) after a takeover offer or a change of control in accordance with paragraph 6.1(o); and
- (iv) at the maturity date,

by the Company delivering payment for the redemption amount to the Noteholder.

(j) Exclusion

The Noteholder will not be entitled to require redemption of any Convertible Notes other than pursuant to paragraphs 6.1 (h) and 6.1(i).

(k) Early Redemption by the Company

- (i) With 20 days prior notice in writing to all Noteholders, the Company may, subject to the Subordination Deed, redeem all (but not some) of the Convertible Notes at any time during the period commencing on that date which is three (3) years after the issue date of the first Convertible Notes under the Trust Deed and ending on the maturity date.
- (ii) During the period commencing on the day of receipt of the Company redemption notice by the Noteholder until the date of redemption of the Convertible Notes by the Company, the Noteholder can elect to convert their Convertible Notes into Shares in accordance with paragraph 6.1(l).
- (iii) The Company must not redeem any Convertible Notes under this paragraph 6.1(k)(iii) prior to the third anniversary of the date of issue of the Convertible Notes.
- (iv) Interest on the Convertible Notes will be payable on the date of redemption in accordance with paragraph 6.1(h).

(l) Conversion

- (i) A Noteholder may convert all or part of the Convertible Notes held by that Noteholder in accordance with this paragraph 6.1(l) by delivering a conversion notice to the Company.
- (ii) A Noteholder may exercise the conversion option in respect of the whole or part of the total number of Convertible Notes or in respect of the whole of the face value of a Convertible Note and not in respect of a proportion only of the face value.
- (iii) A Noteholder will only be entitled to deliver a conversion notice to the Company and exercise a conversion option between the date of issue of the Convertible Notes and before the maturity date.
- (iv) A conversion option is deemed to be exercised on the conversion notice date and for the avoidance of doubt, provided that the conversion notice

date occurs prior to the maturity date, a Noteholder will be entitled to Shares upon conversion despite that the date of conversion may fall after the maturity date.

- (v) On the date of conversion, the Company will proceed to issue to the Noteholder who delivers that conversion notice that number of Shares as calculated in accordance with paragraph 6.1(m), and will notify the Noteholder accordingly.
- (vi) The issue of Shares on the date of conversion will be and be deemed for all purposes to be in full satisfaction and discharge of the face value owing to the Noteholder pursuant to the relevant convertible notes held by that Noteholder but the conversion will in no way affect any liability of the Company to pay interest on the Convertible Notes the subject of the conversion in accordance with paragraph 6.1(g).
- (vii) The Shares issued upon the date of conversion will rank equally in all respects with all issued Shares at the date of conversion.
- (viii) The Company will apply for official quotation by ASX of all Shares issued and deliver holding statements for the Shares issued.

(m) Conversion Rate

Each Convertible Note entitles a Noteholder to one (1) Share upon exercise of the conversion option.

(n) Purchase of Convertible Notes

The Company may at any time, subject to the Subordination Deed, purchase Convertible Notes in the open market, by private treaty or by tender. Convertible Notes purchased by or for the account of the Company may be cancelled or re-sold at the option of the Company.

(o) Takeover or Change in Control

If a takeover bid (as defined in the Corporations Act) is made for 50% or more of the Shares and that bidder is successful in acquiring a relevant interest in 50% or more of the Shares or there is a change in control of 50% or more of the Shares at any time after the issue of the Convertible Notes and prior to the issue of a conversion notice in respect of such Convertible Notes, then, subject to the terms of the Subordination Deed:

- (i) the Company will give to each Noteholder written notice of the takeover bid or change of control within five (5) Business Days of receiving notice of it; and
- (ii) the Noteholder must elect within seven (7) Business Days after receipt of the sale notice to either convert all the Convertible Notes held by that Noteholder to fully paid ordinary Shares in accordance with paragraph 6.1(l) or require the Company to redeem all the Convertible Notes held by that Noteholder in accordance with paragraph 6.1(i).

If no election is made under paragraph 6.1(o)(ii), within the time period specified in that clause, then the Company may in its discretion redeem all the Convertible Notes held by that Noteholder and on redemption interest will be paid in accordance with paragraph 6.1(h).

(p) ASX Listing

The Company will apply to ASX for official quotation of the Convertible Notes.

(q) Entry in Register

The Company must ensure that each Noteholder's details are entered in a register of Noteholders.

(r) Transfer

The Convertible Notes are transferable in accordance with the Trust Deed.

(s) Participation in New Issues

There are no participation rights or entitlements inherent in the Convertible Notes and the Noteholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Convertible Notes.

(t) Pro Rata Issue

If the Company undertakes a pro rata rights issue or reconstruction then the Convertible Notes will be adjusted in accordance with the Listing Rules.

(u) Reconstruction

If there is a reconstruction (including, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the basis for conversion of the Convertible Notes will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholder which are not conferred on the shareholders of the Company (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of Shareholders approving the reconstruction of capital) and in a manner consistent with the Listing Rules but in all other respects the terms for conversion of the Convertible Notes will remain unchanged.

(v) Bonus Share Issue

If a bonus issue is made by the Company, then the number of Shares issued to each Noteholder on conversion of a Convertible Note will be increased by the number of bonus Shares that a Noteholder would have received if the Convertible Note had been converted prior to the record date for the bonus issue. No change will be made to the conversion rate in paragraph 6.1(m).

(w) Foreign holders

Where the Convertible Notes are held by persons resident outside Australia, the Company will not convert Convertible Notes or issue Shares on conversion of Convertible Notes where the conversion or issue will result in a breach of any applicable laws by the Company.

(x) Conversion of Voting Shares Precluded

The Company will not convert Convertible Notes or issue Shares on conversion of Convertible Notes where the conversion or issue will result in a breach of Australian takeovers laws or other applicable laws by the Company.

(y) Non Voting

The Convertible Notes do not confer on Noteholders any rights to attend or vote at general meetings of Shareholders.

6.2 Trust Deed

The Company has entered into a Trust Deed with the Trustee dated 28 November 2008 (**Trust Deed**). The material terms of the Trust Deed are summarised as follows:

(a) General

The Trust Deed provides that each Convertible Note will be issued subject to conditions.

The Company and the Trustee acknowledge that the rights of the Trustee and the Noteholders are subject to the Subordination Deed.

The Trust Deed provides for the appointment and role of the Trustee and outlines the basis upon which the Convertible Notes have been issued.

The conditions of the Trust Deed are binding on the Company, the Trustee, the Noteholders and all persons claiming through or under them.

In accordance with its obligations under the Corporations Act, the Company will provide a copy of the Trust Deed to a Noteholder upon request free of charge. Noteholders are deemed to have notice of all the provisions of the Trust Deed.

(b) Appointment of Trustee

The Trustee is appointed as trustee to perform the obligations under the Trust Deed for the benefit of Noteholders.

The Trustee holds the following in trust for the benefit of Noteholders:

- (i) the right to enforce the Company's duty to redeem or convert the Convertible Notes; and
- (ii) the rights to enforce any other duties and obligations that the Company has under the terms of the Convertible Notes, the Trust Deed and Chapter 2L of the Corporations Act.

Any action taken by the Trustee under the Trust Deed is binding on all Noteholders.

(c) Trustee's Powers and Duties

Subject to the Trust Deed and the Corporations Act, the Trustee has all powers that are legally possible for a natural person or corporation to have in connection with the exercise of its powers under the Trust Deed.

Under the Trust Deed, the Trustee must:

- (i) exercise reasonable diligence to ascertain whether the Company has committed a breach of the terms of the Convertible Notes or the provisions of Chapter 2L of the Corporations Act;
- (ii) do everything reasonably in its power to ensure that the Company remedies any breach known to the Trustee of the terms of the Convertible Notes, the provisions of the Trust Deed or Chapter 2L of the Corporations Act unless the Trustee is satisfied that the breach will not materially prejudice the Noteholders' interests or any security for the Convertible Notes;
- (iii) use reasonable endeavours to ensure that the Company complies with Chapter 2K of the Corporations Act (to the extent it applies to the Convertible Notes);

- (iv) the Trustee must notify ASIC as soon as practicable if the Company has not complied with section 283BE, 283BF or subsection 318(1) or (4) of the Corporations Act;
- (v) notify ASIC and the Company as soon as practicable if the Trustee discovers that it cannot be a trustee under section 283AC of the Corporations Act;
- (vi) give Noteholders a statement explaining the effect of any proposal that the Company submits to the Noteholders before any meeting that the Court calls in relation to a scheme under subsection 411(1) or (1A) of the Corporations Act or that the Trustee calls under subsection 283EB(1) of the Corporations Act;
- (vii) apply to the Court for an order under section 283HB of the Corporations Act where the Company reasonably requests it to do so. Nothing in this clause shall be construed as restricting the right of the Trustee to apply to the Court for an order under section 283HB of the Corporations Act where no request is made by the Company; and
- (viii) subject to being fully indemnified by the Company, use reasonable endeavours to comply with any directions given to it at a Noteholders meeting called under sections 283EA, 283EB or 283EC of the Corporations Act unless the Trustee is of the opinion that the direction is inconsistent with the terms of the Convertible Notes, the provisions of the Trust Deed or the Corporations Act and is otherwise objectionable and the Trustee has either obtained or is in the process of obtaining, an order from the Court under section 283HA of the Corporations Act setting aside or varying the direction.

The Trustee is not liable for anything done or omitted to be done in accordance with a direction given by the Noteholders at any meeting under sections 283EA, 283EB or 283EC of the Corporations Act.

The Trustee is not obliged to notify the Noteholders of the occurrence of any event of default under the Trust Deed or of the occurrence or existence of any contravention or non-observance of any provision of the Trust Deed.

(d) Trustee's remuneration

The Company will pay to the Trustee by way of remuneration for its services as trustee, the following:

- (i) An establishment fee of \$7,500 (exclusive of GST) payable on the date of execution of the Trust Deed;
- (ii) \$40,000 (exclusive of GST) per annum in respect of the period beginning on the date the first Convertible Notes are issued under the Trust Deed and ending on the maturity date, such amount to accrue daily and be paid quarterly in arrears;
- (iii) In the absence of agreement, the Trustee shall be entitled to charge the Company reasonable hourly rates for the time spent by the Trustee's officers and employees in relation to such enforcement action and reflect the level of expertise required and be commensurate with and referable to the hourly rates charged at the relevant time by members of the Insolvency Practitioners Association of Australia for work of the kind being performed by the Trustee's officers and employees.

(e) Indemnity and Limitation of Trustee's liability

The Trustee is entitled to be indemnified by the Company in respect of all liabilities, charges and fees incurred by it in performing or exercising its powers or duties under

the Trust Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted to be done other than to the extent arising out of its fraud, gross negligence or wilful default or that the Trustee is entitled to be indemnified for matters referred to in this paragraph by the Noteholders or individual Noteholders in the Trust Deed.

The Trustee has entered into the Trust Deed in its capacity as trustee and in no other capacity, incurs obligations solely in its capacity as Trustee and is liable only to the extent of its indemnity and the trust assets, The Trustee's liability is limited to and the Company and each Noteholder waives its rights and releases the Trustee from liability which cannot be paid or satisfied out of the trust assets.

(f) Termination of Trust

The Trust terminates on the earliest to occur of the business day immediately following conversion or redemption of all Convertible Notes or payment or repayment of all monies owing or one business day before the date that is the eightieth anniversary of the date of the Trust Deed provided that the Trust Deed will not terminate whilst there are costs, fees and/or expenses owing to the Trustee.

On termination of the Trust Deed, the Trustee must distribute the balance of the capital and income of the Trust at the direction of the Company.

(g) Obligations of the Company

The Company must:

- (i) carry on and conduct its business in a proper and efficient manner and must procure that each of its subsidiaries will do the same; and
- (ii) keep proper books of account;
- (iii) promptly give the Trustee notice of any appointment, retirement, resignation or removal of an auditor;
- (iv) provide copies of the Trust Deed to Noteholders or the Trustee upon request;
- (v) make all financial and other records available for inspection by the Trustee or its auditor;
- (vi) notify ASIC upon the replacement of the Trustee;
- (vii) provide the Trustee details of all charges after it is created and notify the Trustee if the total amount to be advanced on the security of the charge is indeterminate and the advances are not merged in a current account with bankers, trade creditors or anyone else;
- (viii) notify the Trustee when Convertible Notes are issued and provide the Trustee quarterly reports;
- (ix) notify the Trustee in writing of the occurrence of any event of default;
- (x) not incur any secured financial indebtedness other than as permitted under the Trust Deed;
- (xi) provide the Trustee with such information as the Trustee reasonably requests including annual and half yearly financial reports;
- (xii) to comply with the provisions of the Trust Deed, the conditions of the Convertible Notes and the Constitution;

- (xiii) convene a meeting of Noteholders if called by Noteholders representing 10% of the principal amount of Convertible Notes outstanding;
- (xiv) do everything necessary to preserve the corporate existence of itself and of each subsidiary;
- (xv) comply and upon request by the Trustee, do anything reasonably required by the Trustee to comply with all relevant legal requirements in relation to the Convertible Notes, the Corporations Act, the Listing Rules and ASTC Settlement Rules; and
- (xvi) upon written request of the Trustee, at the Company's cost, appoint a duly qualified expert to value the Company's assets and provide a copy of the valuation to the Trustee.

(h) Events of Default

The Trust Deed specifies the following as events of default:

- (i) non payment of any amounts owing in respect of the Convertible Notes for a period of 15 Business Days after written demand for those monies is made by the Trustee or any Noteholder;
- (ii) if the Company or any subsidiary of the Company in the reasonable opinion of the Trustee commits a material breach of a covenant, condition or obligation imposed on it by the Trust Deed or the conditions of the Convertible Notes and that breach is incapable of remedy and is reasonably likely to have a material adverse effect on the ability of the Company to observe its obligations to Noteholders or, if the default is capable of remedy, the default remains unremedied for 25 Business Days after a request is given by the Trustee to remedy the breach;
- (iii) if the Company is suspended from trading on the ASX for more than 20 consecutive business days;
- (iv) a secured creditor of the Company or a subsidiary of the Company exercises its security in relation to its debt;
- (v) if an order is made or a resolution is passed for the winding up of the Company;
- (vi) if the Company enters liquidation; or
- (vii) if the Company or a subsidiary of the Company enters into any arrangement, reconstruction or a composition with its creditors without the prior written consent of the Trustee.

Upon the occurrence of an event of default the Trustee may issue redemption notices requiring the Company to redeem the Convertible Notes. Further, the Trustee on behalf of Noteholders may call a meeting of Noteholders, commence proceedings for the winding up of the Company and prove in the liquidation of the Company.

Whether or not an event of default has occurred, no Noteholders may demand, plead or seek to enforce, directly or indirectly, including by way of set off or counterclaim, or in any other matter, the payment of obligations of the Company in respect of the Convertible Notes other than in accordance with the Trust Deed.

(i) Noteholder meetings

Under the Trust Deed, the Trustee or the Company may convene a meeting of Noteholders by giving not less than 21 business days prior notice to Noteholders and the auditor. Such notice may be given either personally, by post, by facsimile or by

the Company (at request of the Trustee) posting the notice on its website or by the Trustee posting the notice on its website.

Noteholders who own not less than 10% in value of the principal amount outstanding under the Convertible Notes on issue may require the Company to convene a meeting of Noteholders. In these circumstances, the meeting must be convened by giving at least 21 business days notice.

At every meeting of Noteholders, each Noteholder is entitled, on a show of hands, to one vote. On a poll, each Noteholder is entitled to one vote in respect of every Convertible Note held by that Noteholder.

6.3 Rights attaching to Shares

A summary of the rights attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) Voting

At a general meeting, on a show of hands every Shareholder present in person has 1 vote. At the taking of a poll, every Shareholder present in person or by proxy and whose Shares are fully paid has 1 vote for each of his or her Shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) General Meetings

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the Constitution of the Company, the Corporations Act and the Listing Rules.

(c) Dividends

The Directors may pay to Shareholders any interim and final dividends as, in the Directors' judgement, the financial position of the Company justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the Shareholders in proportion to the number and the amount paid on the Shares held.

(d) Transfer of Shares

Generally, all Shares in the Company are freely transferable subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the Listing Rules and the ASTC Operating Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is permitted under the Listing Rules or the ASTC Operating Rules. If the Directors decline to register a transfer the Company must give reasons for the refusal. The Directors must decline to register a transfer when required by the Corporations Act, the Listing Rules or the ASTC Operating Rules.

(e) Variation of Rights

The Company may only modify or vary the rights attaching to any Shares with the prior approval by a special resolution of the Shareholders, or with the written consent of the holders of at least three-fourths of the issued Shares.

(f) Directors

The minimum number of Directors is three. Currently, there are four Directors. Directors, Other than the managing Director must retire on a rotational basis so that 1-third of Directors must retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. A retiring Director is eligible for re-election. The Directors may appoint a director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(g) Decisions of Directors

Questions arising at a meeting of Directors are decided by a majority of votes. The Chairman has a casting vote.

(h) Issue of Further Shares

Subject to the Constitution, the Corporations Act 2001 and the Listing Rules, the Directors may issue, or grant options in respect of, Shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.

(i) Officers' Indemnity

To the full extent permitted by the law and to the extent not covered by insurance, the Company must indemnify each officer of the Company against all losses and liabilities incurred by the person as an officer of the Company, including costs and expenses incurred in defending proceedings in which judgement is given in favour of the person or in which the person is acquitted or in connection with relief granted to the person in an application under the Corporations Act 2001 in respect to such proceedings.

(j) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

(k) ASX Listing Rules Prevail

To the extent that there are any inconsistencies between the Constitution and the Listing Rules, the Listing Rules prevail.

6.4 Terms and Conditions of Options

(a) Entitlement

The Options entitle the holder to subscribe for one (1) unissued Share upon the exercise of each Option.

(b) Exercise Price

The exercise price of each Option will be \$0.60.

(c) Expiry Date

The Options will expire 3 years after the date the Options are first granted by the Company.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

(e) Notice of Exercise

The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of a Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(f) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the Shares of the Company.

(g) Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of Shares issued upon the exercise of the Options.

(h) Timing of issue of Shares

After an Option is validly exercised, the Company must as soon as possible:

(i) issue the Share; and

(ii) do all such acts matters and things to obtain:

(A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option; and

(B) receipt of cleared funds equal to the sum payable on the exercise of the Options.

(i) Participation in new issues

There are no participation rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(j) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of a Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(k) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one (1) Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one (1) new Share.

(l) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(m) Quotation of Options

Application for quotation of the Options will be made by the Company.

(n) Options transferable

The Options are transferable.

6.5 Material Terms and Conditions of Subordination Deed

(a) Subordination

The debt owing under the Notes is subordinated to the Senior Creditor's debt. If the Trustee receives any payment that could be applied against the debt owed to Noteholders, the Trustee must hold those funds (to the extent that they are less than the amount owed to the Senior Creditor) on trust for the Senior Creditor or remit the funds to the Senior Creditor.

(b) Subordination on insolvency event

If an insolvency event occurs in relation to the Company then the debt owed to Noteholders becomes immediately due and payable and the Senior Creditor may act on behalf of the Trustee to claim, enforce, collect and otherwise deal with that debt.

(c) No repayment of Convertible Note is until Senior Creditor paid out

Other than by converting the Convertible Notes, the Company may not repay the Convertible Notes without the Senior Creditor's consent until the senior debt of the Senior Creditor is repaid in full.

(d) Company Restraints

Without the consent of the Senior Creditor, the Company may not:

- (i) discharge any part of the debt owed to Noteholders other than the payment of interest or by the conversion of the Convertible Notes;
- (ii) create or permit to be created any security interest over any property that secures the Convertible Notes (although it is noted that there is no security proposed for the Convertible Notes);
- (iii) merge or consolidate into or with any other person; or
- (iv) take or omit to take any action that may impair the Senior Creditor's rights under the Subordination Deed.

(e) Junior Creditor receiving payments

Without the consent of the Senior Creditor, the Trustee may not:

- (i) (other than by conversion of the Convertible Notes):
 - (A) receive payment or repayment of or any distribution in respect of or account of, or otherwise dispose of, the debt owed to Noteholders for cash or any other type of consideration (including set-off);
 - (B) apply any money or property in discharge of the debt owed to Noteholders (including by way of set-off),other than for the payment of interest;
- (ii) create or permit to be created any security interest over any property that secures the Convertible Notes (although it is noted that there is no security proposed for the Convertible Notes);
- (iii) permit any negotiable instrument to evidence the debt owed to Noteholders unless that instrument is expressed on its face to be subject to the Senior Creditor's rights under the Subordination Deed or the instrument is deposited with the Senior Creditor.

(f) Interest on Convertible Notes

Despite the subordination in paragraph (a), the Senior Creditor has permitted the Trustee to pay interest on the Convertible Notes to the Convertible Noteholders out of moneys which would otherwise have been available for the payment of dividends provided that:

- (i) there is no event of default or potential event of default under the Senior Creditor debt facility; and
- (ii) that neither the Company or the Trustee are in breach of the Subordination Deed.

For the avoidance of doubt, the Trustee cannot pay interest on the Convertible Notes to the Convertible Noteholders if there is an event of default or potential event of default under the Senior Creditor debt facility, or either the Company or the Trustee are in breach of the Subordination Deed.

- (g) No amendment of Trust Deed or Notes

The Company and the Trustee can not alter the Trust Deed or the terms of the Convertible Notes without the consent of the Senior Creditor.

- (h) Notification

The Company will notify the Senior Creditor of any Noteholders' meetings. These meetings must be held on no less than 25 Business Days notice.

- (i) Limited Liability

The Trustee and the Senior Creditor enter into the Subordination Deed as trustees and in no other capacity. Their liabilities are limited to recovery against their trust property, and only to the extent that the Trustee/Senior Creditor can recover under their right of indemnity out of the relevant trust assets.

6.6 Directors' interests in Company Securities

The Directors or their nominees currently each hold Shares in the Company as follows:

	Ordinary Shares
Peter Huston	361,279
Peter Sullivan	3,146,400
Tom Ford	3,600
Henry (Bill) Price	12,000

6.7 Directors' participation in the Capital Raising

The Directors or their nominees intend to participate in the Capital Raising as follows:

- (a) Peter Huston - firm commitment for entitlement under Pro rata Offer of 40,142 Shares;
- (b) Peter Sullivan – firm commitment for 200,000 Convertible Notes;
- (c) Thomas Ford - firm commitment for 200,000 Convertible Notes; and
- (d) Henry (Bill) Price - firm commitment for 100,000 Convertible Notes and entitlement under the Pro rata Offer of 1,333 Shares.

The Directors are also entitled to participate in the offer of 1 additional Option for each 3 Shares or Convertible Notes for which they have provided firm commitments for above. The terms on which the Directors are participating in this additional Option issue are the same as all other parties who have provided a firm commitment.

6.8 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 6.8 below).

6.9 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Convertible Note Offer, a copy of:

- (a) the Full Year Statutory Accounts containing the financial statements of the Company for the financial year ended 30 June 2008, being the last financial year for which financial statements were lodged with ASIC in relation to the Company on 30 September 2008; and
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Full Year Statutory Accounts referred to in paragraph (a) and before the date of issue of this Prospectus are as follows:

Date Lodged	Subject of Announcement
28/11/2008	Letter to Shareholders
27/11/2008	Prospectus – Pro rata Offer
25/11/2008	Capital Raising – Appendix 3B
25/11/2008	AGM Voting Details 2008
25/11/2008	CEO Presentation at AGM
25/11/2008	Gold Pour at Syama
18/11/2008	Notice of General Meeting
18/11/2008	Capital Raising
11/11/2008	Market Update - Capital Raising
29/10/2008	Quarterly Report of Activities
28/10/2008	Market Update - Capital Raising
24/10/2008	Annual Report and Notice of Annual General Meeting
22/10/2008	Suspension from Official Quotation
20/10/2008	Company request for trading halt
20/10/2008	Trading Halt
13/10/2008	Letter to S/holders - Renounceable Rights Issue
10/10/2008	Notice under section 708AA of the Corporations Act 2001
09/10/2008	Fund Raising Activities
09/10/2008	Reinstatement to Official Quotation
07/10/2008	Suspension from Official Quotation
03/10/2008	Trading Halt

The following documents are available for inspection throughout the offer period of this Prospectus during normal business hours at the registered office of the Company at 4th Floor BGC Centre, 28 The Esplanade, Perth, Western Australia:

- (c) this Prospectus;
- (d) the Trust Deed;
- (e) the Constitution; and
- (f) the consents referred to in Section 6.17 and the consents provided by the Directors to the issue of this Prospectus.

6.10 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

6.11 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

6.12 Directors' interests

Except as disclosed in this Prospectus, no Director, and no firm in which a Director or proposed director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Securities offered under this Prospectus.

6.13 Directors remuneration

Shareholders have approved an aggregate amount of up to \$300,000 to be paid as Directors' fees.

Directors received the following remuneration for the preceding two financial years:

2008

Director	Base Remuneration	Non-Monetary Benefits	Superannuation	Total
Peter Huston	150,000	-	-	150,000
Peter Sullivan	519,000	61,337	62,280	642,617
Tom Ford	25,229	-	29,771	55,000
Henry (Bill) Price	1,200	-	53,800	55,000

2007

Director	Base Remuneration	Non-Monetary Benefits	Superannuation	Total
Peter Huston	157,500	-	-	157,500
Peter Sullivan	540,748	56,436	63,990	661,174
Tom Ford	48,165	-	4,335	52,500
Henry (Bill) Price	3,000	-	56,694	59,694

6.14 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Securities offered under this Prospectus.

Hardy Bowen has acted as lawyers to the Company in relation to the Capital Raising and will receive approximately \$120,000 (not including GST) for legal services rendered to the Company in connection with the Pro rata Offer and Convertible Note Offer. In the past two years Hardy Bowen has received approximately \$276,000 for the provision of legal services to the Company.

Patersons is acting as Lead Manager to the Capital Raising. Details of the fees in relation to this are set out in Section 3.6.

6.15 Ability to issue further Convertible Notes

Pursuant to this Prospectus the Company will make an offer of 1000 Convertible Notes to parties determined at the complete discretion of the Directors (**Private Offer**).

The purpose of the Private Offer is to ensure that the on-sale of any Convertible Notes that may be issued subsequent to the Convertible Note Offer Closing Date does not cause a breach of Section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in section 708A(11) of the Corporations Act.

6.16 Offer of Options to provider of standby credit facility

The Company has drawn down the second tranche of \$10 million pursuant to a standby credit facility totalling \$20 million which has been fully drawn. It is a term of the standby credit facility that the Company grants options to the facility provider on the draw down of the second tranche of the facility.

Pursuant to this Prospectus the Company offers the provider of the standby credit facility 1,250,000 Options. Applications for these Options can only be made on an Application Form

which will be provided by the Company with a copy of this Prospectus to the standby credit facility provider. The completed Application Form should be returned to the Company at its registered office address.

6.17 Expenses of Capital Raising

The estimated expenses of the Capital Raising are as follows:

	\$,000
ASIC Lodgement fee	4
ASX quotation fee	142
Placement fees	3,625
Legal and preparation expenses	140
Printing, mailing and other expenses	23
Total	3,934

6.18 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC:

Hardy Bowen has given, and has not withdrawn, their written consent to being named in this Prospectus as solicitors to the Company. Hardy Bowen have not authorised or caused the issue of this Prospectus or the making of the Convertible Note Offer. Hardy Bowen make no representation regarding, and to the extent permitted by law exclude any responsibility for, any statements in or omissions from any part of this Prospectus.

Patersons has given, and has not withdrawn, their written consent to being named in this Prospectus as Lead Manager of the Capital Raising. Patersons have not authorised or caused the issue of this Prospectus or the making of the Convertible Note Offer. Patersons make no representation regarding, and to the extent permitted by law exclude any responsibility for, any statements in or omissions from any part of this Prospectus.

Security Transfers Registrars Pty Ltd has given, and at the date hereof, not withdrawn its written consent to being named in this Prospectus as the Company's Share registry. Security Transfers Registrars Pty Ltd have not authorised or caused the issue of this Prospectus or the making of the Convertible Note Offer. Security Transfers Registrars Pty Ltd make no representation regarding, and to the extent permitted by law exclude any responsibility for, any statements in or omissions from any part of this Prospectus.

The Trustee has given and not withdrawn its written consent to be named as Trustee in this Prospectus. The Trustee has not authorised or caused the issue of this Prospectus. Neither the Trustee nor any member of the Trustee company group makes any representations as to the truth or accuracy of the contents of this Prospectus other than the parts which refer directly to the Trustee. The Trustee does not make any representation regarding or accepting any responsibility for any statements or omissions in or from any other parts of this Prospectus. Other than the parts of this Prospectus which refer directly to the Trustee or which refer to the provisions of the Trust Deed, the Trustee has relied upon the Company for the accuracy of the content of this Prospectus. Neither the Trustee nor any member of the Trustee company group makes any representations as to the performance of the issue, the maintenance of capital or any particular rate of return.

7. Authorisation

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to read 'P. Sullivan', with a stylized flourish at the end.

Peter Sullivan
Director

Dated: 28 November 2008

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Annual Report means the 2008 annual report of the Company.

Applicant means a person who submits an Application Form.

Application means a valid application for Convertible Notes and Options made on an Application Form.

Application Form or **Form** means a Priority Offer Application Form, Convertible Note Offer Application Form and/or Option Offer Application Form, as applicable.

Application Monies means application monies for Convertible Notes and Options received by the Company.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

ASX means ASX Limited ACN 008 129 164 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

Capital Raising means the capital raising announced by the Company on 18 November 2008 as described in Section 2.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means the date indicated in the indicative timetable, or such earlier date resolved by Directors in their absolute discretion.

Company or **Resolute** means Resolute Mining Limited ACN 097 088 689.

Convertible Note means the convertible notes with the terms and conditions set out in Section 6.1.

Convertible Note Offer means the offer of convertible notes as set out in Section 3.1.

Convertible Note Application Form means the Convertible Note application form attached to this Prospectus.

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

Corporations Act means Corporations Act (Cth) 2001.

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

Eligible Shareholders mean a holder of Shares in the capital of the Company as at the Priority Date.

Exposure Period means the period of 7 days (which may be extended by ASIC to up to 14 days) after lodgement of this Prospectus with ASIC during which the company must not process Applications under the Convertible Note Offer.

Full Year Statutory Accounts means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2008 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2008, together with a Directors' report in relation to that financial year and the auditor's report for the year to 30 June 2008.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

Lead Manager means Patersons Securities Limited ABN 69 008 896 311.

Noteholder means any person holding Convertible Notes.

Official List means the official list of ASX.

Official Quotation means quotation of Securities on the Official List.

Opening Date means the date indicated in the indicative timetable.

Option means an Option with terms and conditions as set out in Section 6.4.

Option Offer means the offer of Options set out in Section 3.3.

Option Offer Application Form means the application form for the Option Offer sent to participants of the Option Offer with a copy of this Prospectus.

Optionholder means any person holding options.

Patersons means Patersons Securities Limited ABN 69 008 896 311.

Priority Offer means the priority offer set out in Section 3.2.

Priority Date means the date of this Prospectus.

Priority Offer Application Form means the personalised application form for the Priority Offer sent to eligible shareholders with a copy of this Prospectus.

Prospectus means this prospectus with the date in Section 7.

Section means a section of this Prospectus.

Securities means a Share, Option or a Convertible Note issued or granted (as the case may be) by the Company.

Senior Creditor means Barclays Bank PLC Australia Branch (ARBN 062 449 585) in its capacity as trustee for the Resolute Group Security Trust.

Securityholder means any person holding Securities.

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

Shareholder means a holder of Shares.

Share Registry means Security Transfer Registrars Pty Ltd ACN 008 894 488.

Subordination Deed means the subordination deed between the Company, Trustee and Senior Creditor dated 28 November 2008 on the terms summarised in Section 6.5.

Trust Deed means the trust deed between the Company and the Trustee dated 28 November 2008 the material terms of which are summarised in Section 6.2.

Trustee means Trust Company Fiduciary Services Limited ABN 000 000 993.

Unlisted Option means an unlisted option granted by the Company with the right to acquire 1 ordinary fully paid Share in the capital of the Company.

WDST means Western Daylight Saving Time, being the time in Perth, Western Australia.

RESOLUTE MINING LIMITED

CONVERTIBLE NOTE APPLICATION FORM

Please read all instructions on reverse of this form

A Number of Convertible Notes applied for (you may be issued with a lesser number)

B Total amount payable cheque(s) to equal this amount

	at \$0.50 each =	A\$
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Convertible Notes will be allocated at the discretion of directors. You will receive one free attaching Option for every three Convertible Notes issued to you.

C Full name details title, given name(s) (no initials) and surname or company name

D Tax file number(s)
Or exemption category

Name of applicant 1	Applicant 1/company

Name of joint applicant 2 or <account name>	Joint applicant 2/ trust

Name of joint applicant 3 or <account name>	Joint applicant 3/exemption

E Full postal address

Number/street

Suburb/town

State/postcode

--

F Contact details

Contact name

--

Contact daytime telephone number

()

Contact email address

--

G CHESS HIN (if applicable)

--

H Cheque payment details

Please fill out your cheque details and make your cheque payable to: **"Resolute Mining Limited – Capital Raising Account"**

Drawer	Cheque number	BSB number	Account number	Total amount of cheque

I Return of the Convertible Note Application Form with your cheque for the Application monies will constitute your offer to subscribe for Convertible Notes in the Company. I/We declare that:

- (a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the Constitution of the Company; and
- (b) I/we have received personally a copy of the Prospectus accompanying the Convertible Note Application Form, before applying for Convertible Notes.

No signature is required.

You should read the Prospectus dated 28 November 2008 carefully before completing this Convertible Note Application Form. The Corporations Act 2001 (Cth) prohibits any person from passing on this Convertible Note Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

Guide to Resolute Mining Limited Convertible Note Application Form

This Convertible Note Application Form relates to the Convertible Note Offer of up to 120,000,000 Convertible Notes in Resolute Mining Limited at \$0.50 per Convertible Note pursuant to the Prospectus dated 28 November 2008. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Convertible Notes of the Company and it is advisable to read this document before applying for Convertible Notes. A person who gives another person access to this Convertible Note Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and a Convertible Note Application Form, on request and without charge. Please complete all relevant sections of the Convertible Note Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Convertible Note Application Form. Further particulars and the correct forms of registrable titles to use on the Convertible Note Application Form are contained below.

- A** Insert the number of Convertible Notes you wish to apply for.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Convertible Notes applied for by the sum of \$0.50.
- C** Write the full name you wish to appear on the statement of holdings. This must be either your own name or the name of the company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Official Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited.
If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHES subregister, complete Section G or forward your Convertible Note Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to section 3.12 of the Prospectus.
- H** Please complete cheque details as requested:
Make your cheque payable to **"Resolute Mining Limited – Capital Raising Account"** in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
- I** Before completing the Convertible Note Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Convertible Note Application Form, the Applicant(s) agrees that this Application is for Convertible Notes in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Convertible Notes equal to or less than the number of Convertible Notes indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Convertible Note Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold Convertible Notes. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor

Individual

Use names in full, no initials

Minor (a person under the age of 18)

Use the name of a responsible adult; do not use the name of a minor.

Company

Use company title, not abbreviations

Trusts

Use trustee(s) personal name(s), do not use the name of the trust

Deceased Estates

Use executor(s) personal name(s), do not use the name of the deceased

Partnerships

Use partners personal names, do not use the name of the partnership

Correct form of Registrable Title

Mr John Alfred Smith

John Alfred Smith

<Peter Smith>

ABC Pty Ltd

Mrs Sue Smith

<Sue Smith Family A/C>

Ms Jane Smith

<Est John Smith A/C>

Mr John Smith and Mr Michael Smith

<John Smith and Son A/C>

Incorrect form of Registrable Title

JA Smith

Peter Smith

ABC P/L

ABC Co

Sue Smith Family Trust

Estate of late John Smith

John Smith and Son

Return your completed Convertible Note Application Form to:

By mail

By delivery

Security Transfer Registrars Pty Ltd

GPO 535

Applecross WA 6953

Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross WA 6153

Convertible Note Application Forms must be received no later than 5.00 pm WST time on the Closing Date.