

RETAINED ASSETS AND CONTINUING OPERATIONS

Following its admission to the Official List of ASX in 2006, the Company executed a heads of agreement to joint venture in 2008 with PT Galian Endapan Buana ("GEB") to develop the Agam Iron Sand Project in West Sumara, Indonesia ("the Project").

The Company subsequently entered into a formal cooperation agreement with GEB in September 2008 whereby the Company (through PT Coziron Copper International) was granted an 80% interest in the Project including the mining rights attached to the Project.

The Company undertook an initial exploration program to identify the mineralised iron sand layers at the Project.

The Company engaged an independent consultant to complete a geological assessment of the Project which found that further geological work would be required to identify the most prospective area of the Project.

In 2009, the Company put the further development of the Project on hold pending the Company raising funds, which it was in the process of negotiating with a third party. The fund raising was not able to be concluded on satisfactory terms and subsequently, the Company's then Directors appointed Administrators.

The Company proposes to undertake a review and evaluation of the Project to determine the requirements for ongoing exploration and development.

The Company also intends to undertake an examination of alternative and additional investment opportunities.

INVESTMENT OPPORTUNITIES

Although the Company's primary focus is to continue with the development of its existing interest in the Agam Iron Sands Project in Sumatra, a portion of the Company's assets will be comprised of cash. As such, disclosure is required regarding the expertise of the current Directors and more specifically, how this level of expertise will assist the Company in making investment decisions.

As noted above, the Directors intend to conduct an initial review and evaluation of the Agam Iron Sands Project in Sumatra. On the conclusion of this review and evaluation, and subject to the outcomes of such review and evaluation, the Company will then decide whether and how to further develop the Agam Iron Sands Project.

The funds to be raised through this Prospectus are planned to be utilised as follows:

- pay various costs associated with the Offer;
- review and evaluate the existing Agam Iron Sands Project in Sumatra;
- subject to the outcome of the review, potentially commence development of the Agam Iron Sands Project in Sumatra; and
- examine alternative and additional investment opportunities.

The Directors have a broad range of commercial and public company experience. The Directors also have broad experience in project development, finance and corporate transactions for various listed and non-listed entities, which will be relevant to the assessment of potential projects for the Company. The Directors consider that their contacts and relevant experience will provide assistance in attracting and securing new projects for investment and acquisition.

The Directors are committed to the highest standards of corporate governance and they will make themselves readily available to meet the requirements of the Company and its operations going forward. The Board will ensure that they devote sufficient time, attention and skill to the duties of this position and the Company's business.

Other than the proposed expenditure budget detailed below, and the discussion of the review and development of the existing business above, there is no specific investment plan currently in place regarding the Company's future intentions. Investment strategies may be adopted as and when suitable opportunities are identified by the Board. The Company may be subject to additional risks in the future relating to these investments that cannot be identified at present.

EXPENDITURE BUDGET

In summary, the Company proposes to apply the funds raised from the Offer as set out below in relation to funding the review and evaluation of the Company's Agam Iron Sands Project, examining alternative and additional investment opportunities and the expenses of the Offer and the recapitalisation of the Company.

Use of Funds – Expenditure Budget	Year 1	Year 2	Total
Review and evaluate the existing project	\$300,000	\$350,000	\$650,000
Exploration, feasibility study and preliminary development expenditure	-	\$500,000	\$500,000
Review and evaluation of new projects and opportunities	\$200,000	\$200,000	\$400,000
Expenses associated with the Offer	\$340,000	-	\$340,000
General working capital	\$360,000	\$250,000	\$610,000
Total Funds Utilised	\$1,200,000	\$1,300,000	\$2,500,000

On completion of the Offer the Directors believe the Company will have adequate working capital to meet its stated objectives.

The review and evaluation of the Company's Agam Iron Sands Project is yet to be conducted. The Directors allocation of the funds to be raised by the Prospectus set out above may change based on the outcome of that review.