

CONTO RESOURCES LIMITED
ACN 149 105 653

PROSPECTUS

For the offer of 15,000,000 Shares at an issue price of \$0.20 each in order to raise up to \$3,000,000 with a minimum subscription of \$2,500,000.

Oversubscriptions of up to another 5,000,000 Shares at an issue price of \$0.20 each in order to raise up to \$1,000,000 may be accepted.

Lead Manager to the Offer



IMPORTANT NOTICE

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

The securities offered by this Prospectus should be considered as speculative.

IMPORTANT NOTICE

This Prospectus is dated 18 April 2011 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is at 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with the ASIC (**Expiry Date**). No securities may be issued on the basis of this Prospectus after the Expiry Date.

Application will be made to the ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

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 of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered speculative.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.contoresources.com. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this 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.

Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

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1. INVESTMENT HIGHLIGHTS

- Conto Resources Limited is an Australian-based exploration company established primarily to acquire, explore, evaluate and exploit gold deposits and explore prospective tenements for other minerals.
- The Board has a broad range of experience in the commercial dealings and minerals exploration industry including detailed knowledge of corporate, legal, financial and technical aspects of managing and promoting exploration companies.
- The Company has entered into an option and farm-in agreement with Sammy Resources Pty Ltd, a wholly owned subsidiary of Cazaly Resources Limited, to acquire up to an 80% interest in the Cardinia Bore Project.
- The Cardinia Bore Project is located approximately 28 km ENE of Leonora in the Goldfields-Esperance region of Western Australia and consists of 9 tenements covering 1,309 hectares. The region has a long history of gold mining and exploration.
- The region is prospective for gold mineralization, with several gold anomalies identified in the general area.
- Initial exploration undertaken by Cazaly Resources Limited on the Cardinia Bore Project early in 2010 has produced some geochemical anomalies which warrant further geochemical sampling and/or RC drilling targeting gold anomalism and prospective structural settings.
- In addition to acquiring an interest in the Cardinia Bore Project, the Company intends to pursue new projects in the resources sector, both in Australia and overseas, by way of acquisition or investment. These projects may include other types of minerals, including, without limitation, coal, potash, iron ore, copper, and gold.
- In line with the Company's strategy to acquire prospective projects, the Company has entered into a corporate mandate arrangement with Otsana Capital to secure mineral projects for the Company in the future.

2. KEY INFORMATION

INDICATIVE TIMETABLE

Lodgement of Prospectus with the ASIC	18 April 2011
Opening Date	28 April 2011
Closing Date	5.00pm WST on 12 May 2011
Despatch of Holding Statements	19 May 2011
Expected date for listing on ASX	24 May 2011

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

ANSWERS TO KEY QUESTIONS

Topic	Summary	Where to find more information
Who is Conto Resources Ltd?	Conto Resources Ltd was incorporated on 3 February 2011.	Section 7
What is being offered?	15 million new fully paid ordinary Shares are being offered to the general public to raise up to \$3 million (with up to \$1 million in oversubscriptions). The minimum subscription is the \$2.5 million. Shares issued under the Offer will represent approximately 60% of the paid-up capital of the Company following the Offer (on an undiluted basis and excluding oversubscriptions).	Section 6
What is the Offer Price?	The Offer Price is \$0.20 per Share.	Section 6.1
What are the key dates of the Offer?	The key dates of the Offer are detailed on the Key Information page at the front of this Prospectus.	Key Information
How do I apply for Shares?	Applications for Shares under the Offer can be made by completing the Application Form accompanying this Prospectus (including a paper copy of an Application Form issued and distributed with an electronic version of this Prospectus), in accordance with the instructions relating to it.	Application
What are the costs of the Offer and who is paying them?	The cash costs of the Offer (including Broker commissions, expert's fees, legal and accounting costs, ASIC fees and ASX fees) based on \$3 million being raised are estimated to total approximately \$250,000 and will be paid by the Company. In addition, the Company has agreed to issue up to 4 million Options to Otsana Capital (of which 2 million will be allocated to other brokers nominated	Section 13.7 Section 12.4

	by Otsana Capital who assist with raising funds under the Offer). The Options will be issued immediately prior to listing and are exercisable at \$0.20 each expiring 31 May 2014	
When will I receive dividends?	As the Company is not generating revenue or making profits, the Directors do not anticipate that the Company will pay dividends in the immediate future.	
How can I obtain further information?	<ul style="list-style-type: none"> ▪ By reading this Prospectus in its entirety. ▪ By speaking to your accountant, stockbroker or other professional adviser. ▪ If you require assistance or additional copies of this Prospectus, please contact the Company on (08) 6140 2449. 	
If my Application is accepted, when will I receive confirmation of my allocation?	Statements confirming successful Applicants' allocations under the Offer, are expected to be despatched to Shareholders on or around 19 May 2011.	Section 6.4
Contact details	For further details, see the Corporate Directory.	Section 3

KEY RISKS

Prospective investors should read this Prospectus in its entirety and, in particular, before deciding on whether to apply for Shares under this Prospectus, consider the risk factors set out in Section 11, which include, but are not limited to, the key risks outlined below.

Risk Area	Risks
Option and Farmin Agreement	<p>The Company's right to acquire an 80% interest in the Tenements is conditional on the Company:</p> <ul style="list-style-type: none"> (a) paying Sammy Resources \$25,000 in cash and issuing Sammy Resources with \$80,000 worth of Shares (at a deemed price of \$0.20 per Share) once the Company has obtained conditional ASX approval to list; and (b) completing at least 1000m of RC drilling on the Tenements within 2 years of the Company listing on the ASX. <p>The Option and Farmin Agreement provides that if the Company fails to satisfy condition (a) above and list on the ASX by 14 June 2011, the Company will be deemed to have withdrawn from the Option and Farmin Agreement. While the Company anticipates listing before this date, it cannot guarantee that this will occur.</p> <p>If the Company fails to satisfy condition (b) above, the Option and Farmin Agreement will terminate and the Company will lose all its rights to acquire an interest in the Tenements. The Company's proposed exploration program is designed to meet this condition but future events may prevent this condition being satisfied.</p> <p>The Company's ability to earn an 80% interest in the Tenements is dependent on Sammy Resources honouring its obligations under the Option and Farmin Agreement and not creating any encumbrances over the Tenements that would affect the Company's rights.</p>

Failure to Satisfy Expenditure Commitments	Each Tenement is subject to minimum expenditure commitments which the Company must satisfy under the terms of the Option and Farmin Agreement. If these commitments are not met when due, the applicable Tenement may be forfeited in whole or in part, and the Company will be in breach of the Option and Farmin Agreement, which may entitle Sammy Resources to terminate the agreement.
Title and Native Title	Although the Company has investigated title to all of the Tenements (as detailed in the Solicitor's Report on Tenements in Section 10 of this Prospectus), the Company cannot give any assurance that title to the Tenements will not be challenged or impugned. The Tenements may be subject to prior unregistered agreements or transfers or title may be affected by undetected defects or native title claims.
Exploration Success	There are inherent risks associated with mining exploration and there is no assurance that recoverable mineral resources will be identified.
Operating Risks	No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of any Tenements.
Resources Estimates	The Tenements do not currently contain any JORC compliant mineral resources. Should a JORC compliant mineral resource be delineated in the future, any resource estimate will be an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, mineral resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.
Commodity and Currency Volatility	If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and currency exchange rate risks, in particular the global price of gold and the \$US:\$AUD exchange rate. This may affect the viability of exploration and production from the Tenements and adversely affect the performance and financial viability of the Company.
Additional Requirements for Capital	The funds raised under the Offer are considered sufficient to meet the exploration and evaluation objectives of the Company. However, additional funding may be required in the event exploration costs exceed the Company's estimates. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, including scaling back its exploration programmes. This may prevent the Company satisfying the condition of the Option and Farmin Agreement to complete at least 1000m of RC drilling within 2 years of the Company listing on the ASX. In addition, to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur, additional financing will be required.

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 and Shareholders should refer to the risk

factors set out in full in Section 11 of this Prospectus before making a decision to subscribe for Shares under this Prospectus.

3. CORPORATE DIRECTORY

Directors

Michael Ralston
Non-executive Chairman

John Ciganek
Non-executive Director

Simon Mackinnon
Non-executive Director

Company Secretary

Tanya Woolley

Registered Office

Suite 2, Level 3
1292 Hay Street
WEST PERTH WA 6005

Principal place of business

Suite 2, Level 3
1292 Hay Street
WEST PERTH WA 6005

Website

IPO

Share Registry*

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153

ASX Code: **CNO**

Auditor and Investigating Accountant

Pitcher Partners Corporate & Audit (WA)
Pty Ltd
Level 1, 914 Hay Street
Perth WA 6000

Lawyers

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Independent Geologist

Donald Horn
Broad Tree Group
7 Hermes Street
Riverton WA 6148

Lead Manager

Otsana Pty Ltd trading as Otsana
Capital
PO Box 1974
WEST PERTH WA 6872

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

4. CHAIRMAN'S LETTER

Dear Investor

On behalf of the Directors, I am pleased to present this Prospectus and invite you to invest in Conto Resources Ltd (**Conto Resources** or **Company**).

This Prospectus has been issued by Conto Resources for the purposes of the offer of 15 million new fully paid ordinary Shares at \$0.20 each to raise \$3,000,000 (with up to \$1 million in oversubscriptions) before costs.

Conto Resources has entered into an option and farm in agreement with Sammy Resources Pty Ltd, a subsidiary of Cazaly Resources Limited, in relation to the Cardinia Bore Project that will enable the Company to earn up to an 80% interest in the project by completing, amongst other conditions, a minimum of 1,000 metres of RC drilling within 2 years of the Company listing on the ASX.

The Cardinia Bore Project is located approximately 28 km ENE of Leonora in the Goldfields-Esperance region of Western Australia and consists of 9 tenements covering 1,309 hectares. The region has a long history of gold mining and exploration.

The region is prospective for gold mineralization, with several gold anomalies identified in the general area.

Initial exploration undertaken by Cazaly Resources Limited on the Cardinia Bore Project early in 2010 has produced some geochemical anomalies which warrant further geochemical sampling and/or RC drilling targeting gold anomalism and prospective structural settings.

In addition to acquiring an interest in the Cardinia Bore Project, the Company intends to pursue new projects in the resources sector that meet the Company's objectives and strategies, both in Australia and overseas, by way of acquisition or investment/joint venture. These projects may include other types of minerals, including, without limitation, coal, potash, iron ore, copper and gold. The Company has entered into a mandate with Otsana Capital to assist with this strategy.

The Board brings together a strong combination of experience and expertise that will ensure sound management in the development and enhancement of the Company's assets.

This Prospectus includes details of the Company, the assets and proposed operations, together with a statement of the risks associated with investing in Conto Resources. I recommend that you study this document carefully and seek independent professional advice before investing in Conto Resources.

On behalf of the Directors, I commend this offer to you and I look forward to welcoming you as a shareholder in Conto Resources.

Yours sincerely,

Michael Ralston
Chairman

5. INVESTMENT OVERVIEW

5.1 Important Notice

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

5.2 Summary of the Offer

By this Prospectus, the Company invites investors to apply for up to 15,000,000 Shares at an issue price of \$0.20 each in order to raise up to \$3,000,000. The minimum subscription is \$2,500,000 under the Offer.

Oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 each to raise up to \$1,000,000 may be accepted.

5.3 Indicative Timetable

Lodgement of Prospectus with the ASIC	18 April 2011
Opening Date	28 April 2011
Closing Date	5.00pm WST on 12 May 2011
Despatch of Holding Statements	19 May 2011
Expected date for listing on ASX	24 May 2011

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

5.4 Purpose of the Offer

The purpose of this Offer is to provide additional funds to enable the Company to:

- (a) earn an 80% interest in the Cardinia Bore Project (in particular by completing 1,000 metres of RC drilling over two years in accordance with the work programmes detailed in the Independent Geologist's Report in Section 8 of this Prospectus);
- (b) identify and evaluate new mineral resource opportunities in Australia and overseas;
- (c) meet the costs of the Offer; and
- (d) provide working capital.

On completion of the Offer, the Board believes the Company will have sufficient capital to achieve these objectives.

5.5 Use of Proceeds

The Company intends to apply the funds raised from the Offer (assuming a full subscription of \$3,000,000 and no oversubscriptions) as follows:

Item	Year 1	Year 2	Total
Exploration and Evaluation ¹	\$1,195,000	\$1,505,000	\$2,700,000
Payment to Sammy Resources ²	\$25,000	-	\$25,000
Administration & Working Capital ³	\$12,500	\$12,500	\$25,000
Costs of the Offers ⁴	\$250,000	-	\$250,000
TOTAL	\$1,487,500	\$1,512,500	\$3,000,000

Notes:

- ¹ See the Independent Geologist's Report in Section 8 for further details on the Company's proposed exploration programs.
- ² As required by the Option and Farmin Agreement. The Company has already paid a non-refundable deposit of \$10,000 (GST inclusive) under the Option and Farmin Agreement for the exclusive right to enter on to the Project to prospect and explore for all minerals. Refer to Section 12.1 for further details of the Option and Farmin Agreement.
- ³ These expenses include wages, bonuses and superannuation of employees and directors, rent and outgoings, accounting fees, legal fees, ASX listing fees, auditing fees, insurance, share registry fees, travel expenses and all other items of a general administrative nature.
- ⁴ This represents only the cash costs of the Offer.
- ⁵ The use of proceeds does not include the Company's existing cash and cash equivalents of approximately \$500,000. Refer to Independent Accountant's Report in Section 9 for further details on the Company's cash and cash equivalents.

If the Company accepts oversubscriptions of up to a further \$1 million, the additional funds will be applied first towards additional broker costs of up to \$50,000, then additional evaluation and exploration, pursuing additional investment opportunities and lastly to working capital.

If the Company only raises the minimum subscription of \$2,500,000, the Company intends to use its existing cash reserves of approximately \$500,000 to make up any shortfall in funds necessary to carry out its proposed exploration and evaluation program.

Funds raised in excess of the minimum subscription amount (but less than the maximum subscription) will be applied towards the proposed exploration and evaluation program.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

5.6 Capital Structure

The capital structure of the Company following completion of the Offer (assuming full subscription of \$3,000,000 and no oversubscriptions) is summarised below:

Shares	Number
Shares on issue as at the date of the Prospectus	9,500,000
Shares offered under the Offer ¹	15,000,000
Shares to be issued to Sammy Resources ²	400,000
Total Shares on issue at completion of the Offer	24,900,000

Options	Number
Options on issue as at date of Prospectus	Nil
Options to be issued to Directors ³	750,000
Options offered to Otsana Capital and nominated brokers ⁴	4,000,000
Total Options on issue at completion of the Offer	4,750,000

¹ Up to a further 5,000,000 Shares could be issued if oversubscriptions of up to \$1,000,000 are accepted. If only the minimum subscription of \$2,500,000 is raised, only 12,500,000 Shares will be issued under the Offer.

² As required by the Option and Farmin Agreement, to be issued upon the Company obtaining ASX conditional approval to list at a deemed issue price of \$0.20 per Share.

³ Shareholder approval was obtained at the Company's recent General Meeting to issue 250,000 Options to each Director (a total of 750,000 Options) exercisable at \$0.20 on or before 1 April 2014. These Options will be issued after the Offer closes and prior to the Company achieving admission to the Official List of the ASX.

⁴ The Company has agreed to issue up to 4,000,000 Options to Otsana Capital (or its nominees) exercisable at \$0.20 on or before 31 May 2014 (of which 2,000,000 Options will be allocated to other brokers nominated by Otsana Capital that are, at the date of this Prospectus, unknown to the Company but that assist with raising funds under this Prospectus). The Options will be issued after the Offer closes and prior to the Company achieving admission to the Official List of the ASX.

5.7 Restricted securities

Subject to the Company being admitted to the Official List, certain securities on issue may be classified by the ASX as restricted securities and will be required to be held in escrow for such time as prescribed by the ASX.

6. DETAILS OF THE OFFER

6.1 The Offer

By this Prospectus, the Company invites investors to apply for up to 15,000,000 Shares at an issue price of \$0.20 each in order to raise up to \$3,000,000.

Oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 each to raise up to an additional \$1,000,000 may be accepted.

The Shares offered under this Prospectus will rank equally with the Company's existing Shares on issue.

6.2 Applications

Applications for Shares under this Prospectus must be made using the Application Form.

Payment for the Shares must be made in full at the issue price of \$0.20 per Share. Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. Completed application forms and accompanying cheques must be mailed or delivered to:

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153

or

Security Transfer Registrars
PO Box 535
Applecross WA 6953

Cheques should be made payable to "**Conto Resources Limited – Share Offer Account**" and crossed "**Not Negotiable**". Completed application forms must reach one of the above addresses by no later than the Closing Date.

The Company reserves the right to close the Offer early.

6.3 Oversubscriptions

The Company may accept oversubscriptions of up to a further \$1,000,000 through the issue of up to a further 5,000,000 Shares at an issue price of \$0.20 each under the Offer. The maximum amount which may be raised under this Prospectus is therefore \$4,000,000.

6.4 Allotment

Subject to the ASX granting conditional approval for the Company to be admitted to the Official List and the Company raising the minimum subscription under the Offer (being \$2,500,000), allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

The Directors reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant as soon as practicable after the allotment date.

6.5 ASX Listing

The Company will apply to the ASX within seven days after the date of this Prospectus for admission to the Official List and for Official Quotation of the Shares offered under this Prospectus. If the Shares are not admitted to quotation on the ASX within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, all applications will be dealt with in accordance with the Corporations Act.

6.6 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus. 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. No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

6.7 Minimum Subscription

The minimum subscription in respect of the Offer is \$2,500,000.

If the minimum subscription has not been raised within four months after the date of this Prospectus, the Company will either repay the application monies to Applicants or issue a supplementary or replacement prospectus to allow Applicants one month to withdraw their Application and be repaid their application money. No interest will be paid on this money.

6.8 Underwriter

The Offer is not underwritten.

6.9 Commissions on Application Forms

The Company reserves the right to pay a commission of up to 5% (exclusive of goods and services tax) of amounts subscribed to any licensed securities dealers or Australian Financial Services licensee in respect of valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services licensee.

6.10 CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASXS**), a wholly owned subsidiary of the ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, Share and Option holders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASXS will send a CHESS statement.

6.11 Risk factors

Prospective investors in the Company should be aware that subscribing for Shares the subject of this Prospectus involves a number of risks. These risks are set out in Section 11 of this Prospectus and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 11, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered speculative.

6.12 Forecast Financial Information

Given the speculative nature of mineral exploration and development and the fact the Company is in an early stage of exploration, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. On this basis and after considering Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

6.13 Privacy Statement

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

7. COMPANY OVERVIEW, DIRECTORS AND CORPORATE GOVERNANCE

7.1 Company Overview

The Company was incorporated on 3 February 2011.

On 16 February 2011, the Company entered into a Option and Farmin Agreement with Sammy Resources Pty Ltd (a subsidiary of Cazaly Resources Limited) (**Sammy Resources**), under which the Company has a right to earn an 80% interest in the Cardinia Bore Project by:

- (a) paying Sammy Resources \$10,000 as a non-refundable deposit (this payment has been made);
- (b) paying Sammy Resources \$25,000 in cash and issuing it \$80,000 in Shares (at a deemed issue price of \$0.20 per Share) once the Company has obtained conditional ASX approval to list; and
- (c) completing at least 1000m of RC drilling on the Tenements within 2 years of the Company listing on the ASX.

A summary of the terms of the Option and Farmin Agreement is set out in Section 12.1 of this Prospectus.

7.2 Overview of Cardinia Bore Project

The Cardinia Bore Project is located approximately 28 km East North East of Leonora in the Goldfields-Esperance region of Western Australia.

The region is prospective for gold mineralization, with several gold anomalies identified in the general area, and has a long history of gold mining and exploration, gold being first discovered in the early years of last century.

7.3 Location and Tenure

The Cardinia Bore Project consists of 9 granted prospecting licences covering an area of approximately 1,309 hectares. These Tenements are held by Sammy Resources.

There is good access to the southern portion of the Cardinia Bore Project, which is accessed via the sealed Laverton to Leonora Road, and then 35 kilometres from Leonora, via gravel station tracks, as well as within the project area itself which has haul road, exploration tracks, station tracks and fence lines.

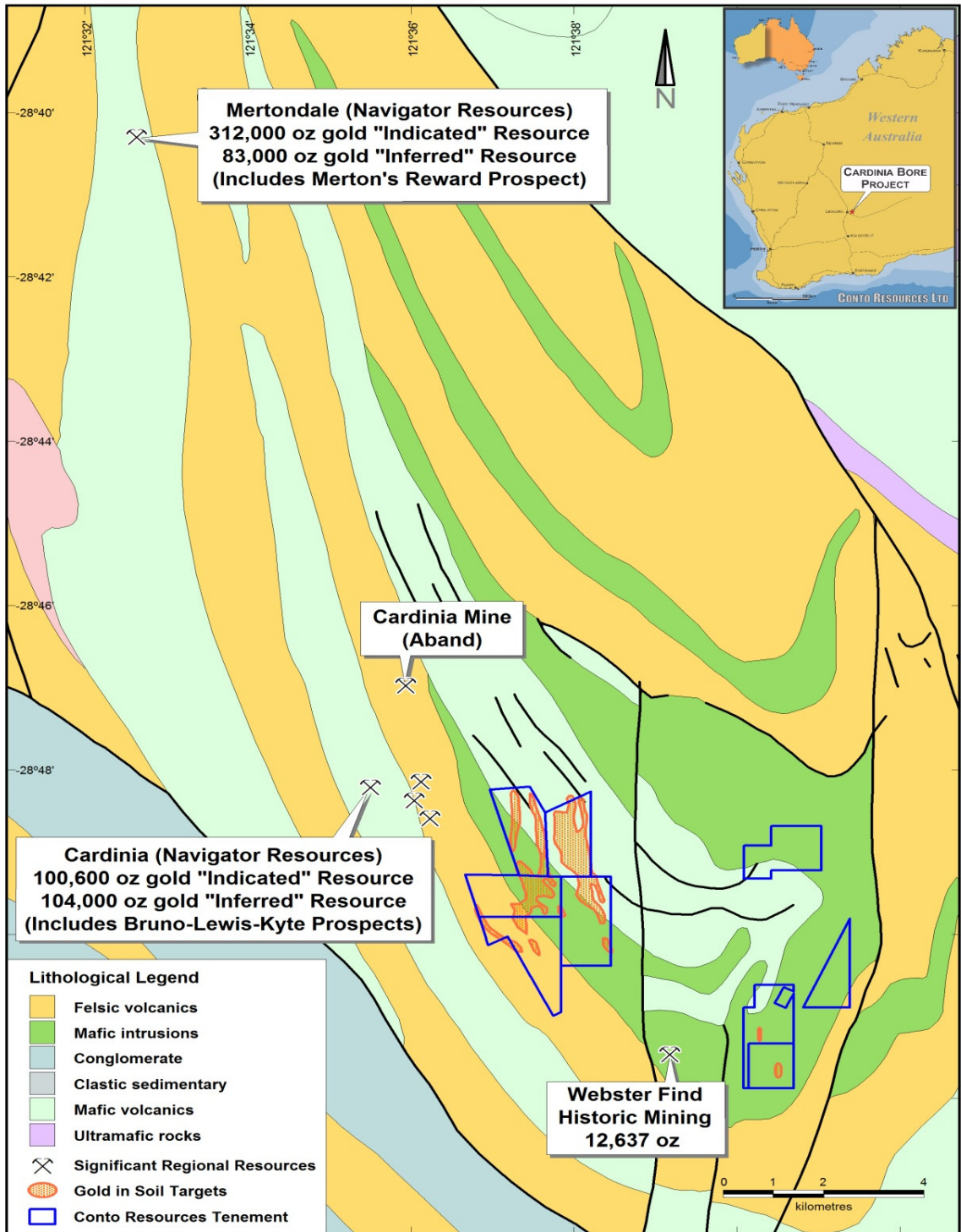
Part of the Cardinia Bore Project tenements overlie the Minara pastoral lease.

Please refer to the Solicitor's Report on Tenements in Section 10 for further details in relation to the Tenements and underlying land tenure.

7.4 Geology, Exploration History and Exploration Budgets

The figure below shows the regional geology, historical mining and resources within the Cardinia Bore Project area.

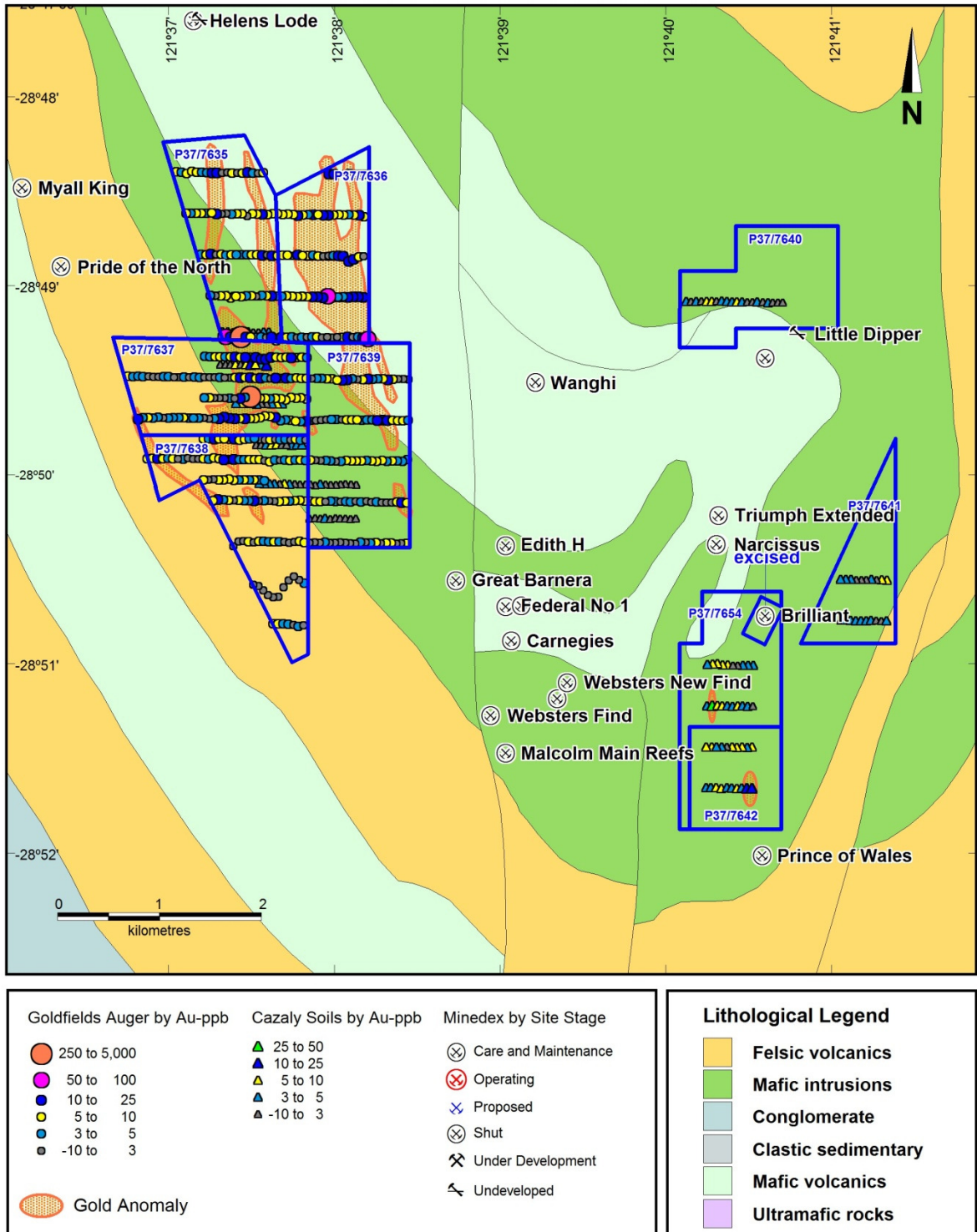
Figure 1 – Cardinia Bore Project location and geology



Cazaly Resources recently completed a field reconnaissance program through the Cardinia Bore Project area where a total of 180 soil samples were collected and submitted for gold and other elements analysis.

Some anomalous results from geochemical sampling are coincident with structural features that host historic mining production and recently discovered resources. The geochemical anomalies warrant further geochemical sampling and/or RC drilling targeting the gold anomalism and prospective structural settings.

Figure 2: Cardinia Bore Project - Geochemical Sampling and RC Drilling Results



Please refer to the Independent Geologist's Report in Section 8 of this Prospectus for further details of the historical exploration activity within the area.

The Company intends to engage suitable qualified contractors to complete its proposed exploration programs.

7.5 Other Projects

In addition to seeking to earn an 80% interest in the Cardinia Bore Project, the Company intends to pursue new projects in the resources sector, both in Australia and overseas, by way of acquisition or investment/joint venture. These projects may include other types of minerals, including, without limitation, coal, potash, iron ore, copper and gold.

7.6 Directors

Michael Ralston ***Non-executive Chairman***

Mr Ralston has 12 years experience as a CFO internationally and has been CFO of several ASX listed mining companies over the past 5 years. Recently, he has been working in the Indonesian coal market with Fireside Resources Limited. He is currently the Chief Financial Officer of Kangaroo Resources Limited.

Mr Ralston is a member of the Australian Institute of Company Directors, holds a Bachelor of Commerce from the University of South Africa and is a Chartered Management Accountant (London).

John Ciganek ***Non-executive Director***

Mr Ciganek has over 20 years experience in the mining industry, combining extensive mining engineering and operational experience with more recent experience in resources investment banking.

Mr Ciganek is currently Head of Research with StoneBridge Group a boutique investment firm focused on equity capital markets and M&A. Mr Ciganek has worked as an Associate Director with BurnVair Corporate Finance working on a range of corporate advisory transactions focused on the mining sector including mergers and acquisitions, project finance and equity capital markets. Prior to this role, he worked in project and corporate debt finance roles in Institutional Banking at Commonwealth Bank and worked on a range of new mine development project financings and corporate level debt transactions. Mr Ciganek has also worked as a mining engineer with various mining companies including ILA Pty Ltd (as part of Hargraves Resources, Danae Resources and Namibian Copper Mines), Byrnegut Mining, Reynolds Yilgarn Gold and Comalco.

Simon Mackinnon ***Non-executive Director***

Simon is a qualified Chartered Accountant who has 15 years experience in various banking and corporate roles across Australia and Europe.

After 10 years of M&A and Corporate Finance experience in the Australian and UK market he was appointed Manager – Business Development at Lonmin Plc. The role provided significant corporate, strategic and operational exposure and involved identification and acquisition of Platinum and Gold assets,

development of corporate strategy and participation in South African Black Economic Empowerment issues. Simon is currently Director of a private company focused on servicing the mineral refining sectors in Australian, India and Europe.

7.7 Corporate Governance

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct.

The Board of Directors

The Company's Board of Directors are responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an

informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisors, has been committed to by the Board.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The remuneration of an Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

The total maximum remuneration of Non-executive Directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-executive Director. The current limit, which may only be varied by Shareholders in general meeting, is an aggregate amount of \$350,000 per annum.

The Board may award additional remuneration to Non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Trading in Company securities by directors and employees

The Constitution permits directors to acquire Shares in the Company. Company policy prohibits directors from dealing in Shares whilst in possession of price sensitive information. Directors must notify the company secretary once they have bought or sold Shares in the Company or exercised options over ordinary Shares. In accordance with the provisions of the Corporations Act and the Listing Rules, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in securities in the Company.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

8. INDEPENDENT GEOLOGIST'S REPORT



Broad Tree Group

ABN 13 042 699 201

Geological Services – Global Mineral Exploration and Mining

16th April 2011

The Directors
Conto Resources Limited
Suite 2, Level 3
1292 Hay Street
WEST PERTH WA 6008, Australia

Dear Directors,

Re: INDEPENDENT GEOLOGIST'S REPORT ON THE CARDINIA BORE PROJECT

I have been commissioned by Conto Resources Limited (“**Conto**” or “**the Company**”) to provide an Independent Geological Report (“**IGR**”) on the company’s projects in Western Australia. This IGR is to be included in a Prospectus to be lodged on or around the 18th April 2011 with the Australian Securities and Investments Commission, offering for subscriptions of 15 million Shares at an issue price of \$0.20 per Share (the “**Prospectus**”), to raise up to \$3 million with oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 each to raise up to an additional \$1 million (before costs associated with the issue) on or about the 18th April 2011. The funds raised will be used for the purpose of exploration and evaluation of the mineral tenements over which Conto has a farmin right to acquire up to an 80% interest.

The IGR relates to the Cardinia Bore Project (the “**Project**”) which consists of nine (9) granted prospecting licences in Western Australia. These nine granted prospecting licences comprising the Project are P37/7635, P37/7636, P37/7637, P37/7638, P37/7639, P37/7640, P37/7641, P37/7642 and P37/7654 (the “**Tenements**”).

DECLARATIONS

Relevant codes and guidelines

This IGR has been prepared in accordance with the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (“**ASIC**”) and Australian Securities Exchange (“**ASX**”), which includes the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the Valmin Code). Where exploration results and mineral resources have been referred to in this IGR, the classifications are consistent with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“**JORC Code**”), prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, effective December 2004.

Under the definition provided by the ASX and in the JORC Code, the Tenements are classified as ‘exploration projects’, which are inherently speculative in nature. The Project is considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of the economic potential, consistent with the programs proposed by Conto.

Sources of Information

The statements and opinion contained in this IGR are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenement holders and other relevant published and unpublished data for the area. I have endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this IGR is based. A final draft of this IGR was provided to Conto, along with a written request to identify any material errors or omissions prior to lodgement.

The IGR has been compiled based on information available up to and including the 16th April 2011. Consent has been given for the distribution of this IGR in the form and context in which it appears. I have no reason to doubt the authenticity or substance of the information provided.

Qualifications and Experience

The person responsible for the preparation of this IGR is:

Donald V Horn

Donald V Horn has over 20 years experience as a geologist in the mineral exploration and evaluation industry since 1989 working on gold, diamonds and other precious stones, base metal and platinum group minerals, iron ore, coal, bauxite, uranium, mineral sands and industrial minerals projects (including rare earths). Mr Horn is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM), Member of the Australian Institute of Geoscientists (MAIG) and satisfies Australian Securities Exchange Limited (ASX) and Australian Securities and Investments Commission (ASIC) regulations and requirements to provide independent expert reports for listed and unlisted public companies.

Mr Horn is the founder and Principal Consultant of Broad Tree Group and consults to the mineral exploration industry on Australian and overseas projects.

Independence

I am not, nor intend to be a Director, officer or other direct employee of Conto and have no material interest in the Project or Conto. The relationship with Conto is solely one of professional association between client and independent consultant. The review work and this IGR are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this IGR.

Yours sincerely



D V Horn
BAppSc (Geology)
MAusIMM MAIG

INDEPENDENT GEOLOGICAL REPORT

PREPARED FOR

CONTO RESOURCES LIMITED

APRIL 2011

DONALD V HORN

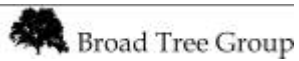


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1 SUMMARY

The Cardinia Bore Project (the “**Project**”) is made up of nine prospecting licences held in the name of Sammy Resources Pty Ltd (“**Sammy**”) which is a wholly owned subsidiary of ASX listed company Cazaly Resources Limited (“**Cazaly**”). The Project is located approximately 28 kilometres east- northeast of Leonora and covers a total of 1,309 hectares.

The Project has a long history of gold mining and exploration and is located within one of the major gold producing greenstone belts of the Eastern Goldfields, in Western Australia. On a local scale, historical production records show a total of 12,637 ounces was delivered from Webster Find in the early 1900’s. Webster Find is located approximately 1.5km from the Project tenements. ASX listed Navigator Resources Limited (“**Navigator Resources**”) is currently exploring tenements neighbouring the Project and has reported a JORC compliant gold resource.

The most recent systematic exploration at the Project has defined areas of surface geochemical gold anomalism with little drilling subsequently carried out to adequately test these targets. A number of these have been dismissed as potentially transported or being too low grade to warrant further investigation. These anomalous gold-in-soil results from geochemical sampling are in some cases coincident with significant structural features that host either historic mining production or recently discovered resources (some with recent mining production) along strike to the north and south. The Cardinia Project remains essentially under explored when considering the potential of the structural elements and the signs of gold dispersion within the area. A better understanding of the regolith as well as further work on the geochemical anomalies is warranted to help define deep drill targets in favourable and prospective structural settings.

2 CARDINIA BORE PROJECT

2.1 Location and Tenure

The southern portion of the Project is accessed via the sealed Laverton Leonora Road and then, 35 kilometres from Leonora, via gravel station tracks (Figure 1). Haul roads, exploration tracks, station tracks and fence lines provide good access within the Project area. The major part of the project tenements overlies the Minara pastoral lease. The Cardinia Bore tenements lie entirely within the Laverton (SH51-2) 1:250,000 and the Minerie (3240) 1:100,000 sheets.

The Project comprises nine granted Prospecting Licences being P37/7635 to P37/7642 and P37/7654 (the “**Tenements**”) granted for a period of four years to Sammy, a wholly owned subsidiary of Cazaly. The Tenements cover a total area of 1,309 hectares, have a combined minimum annual expenditure of \$52,360 and rents of \$3,023.79. The Tenements have an approved combined reporting status with Annual Technical Reports ending 1st October and due on the 30th November each year.

Conto has entered into a farmin agreement with Sammy under which Conto has a right to earn up to an 80% interest in the Tenements on the terms of the farmin agreement.

Table 1 below shows the Tenement details.

Table 1: Tenement Details

Tenement	Size (Ha)	Grant Date	Expenditure Commitment	Rent	Holder
PL37/7635	158	6/02/2009	\$6,320	\$364.98	Sammy Resources Pty Ltd
PL37/7636	150	6/02/2009	\$6,000	\$346.50	Sammy Resources Pty Ltd
PL37/7637	165	6/02/2009	\$6,600	\$381.15	Sammy Resources Pty Ltd
PL37/7638	182	6/02/2009	\$7,280	\$420.42	Sammy Resources Pty Ltd
PL37/7639	200	6/02/2009	\$8,000	\$462.00	Sammy Resources Pty Ltd
PL37/7640	142	6/02/2009	\$5,680	\$328.02	Sammy Resources Pty Ltd
PL37/7641	91	6/02/2009	\$3,640	\$210.21	Sammy Resources Pty Ltd
PL37/7642	90	6/02/2009	\$3,600	\$207.90	Sammy Resources Pty Ltd
PL37/7654	131	12/06/2009	\$5,240	\$302.61	Sammy Resources Pty Ltd
Total	1,309 Ha		\$52,360	\$3,023.79	

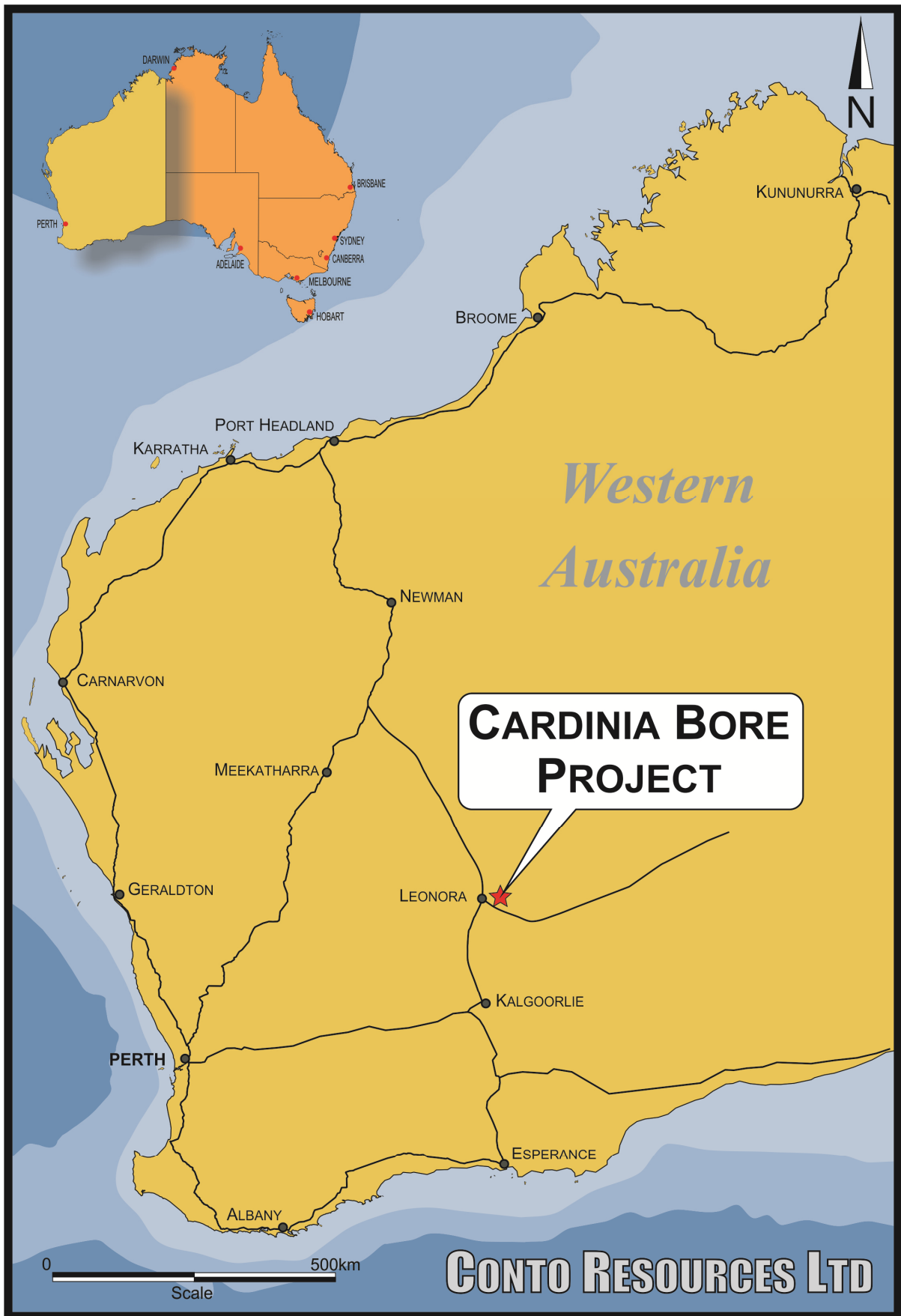


Figure 1 – Cardinia Bore Project Location Map

2.2 Geological Setting

The Leonora-Laverton district is divided by Hallberg (1985) into the Murrin-Margaret and Merolia geological sectors, based on difference in structural style, sedimentary rock features, and felsic igneous activity. Two Late Archean stratigraphic associations are defined within the Murrin-Margaret geological sector: an older Association 1, whose occurrence is confined to the Mt Margaret anticline, and a conformably overlying younger Association 2, which occupies the remaining area of the Murrin-Margaret geological sector (Hallberg, 1985).

Association 1 mainly comprises tholeiitic basalts with minor ultramafic rocks, high-Mg basalts, clastic sedimentary rocks, graphitic shales, cherts and BIF. Association 2 comprises discontinuous high-Mg basalt (the youngest unit) as well as calc-alkaline intrusions and feldspathic and epiclastic sedimentary units.

Granitoids, ranging from a few square kilometres to 100's km² in area, intrude and surround greenstone belts in the district. The relative order of intrusion has been granodiorite porphyry, granodiorite, porphyritic monzogranite and monzogranite.

The main structural features of the Murrin-Margaret geological sector are regional open folds and strike-slip faults. Metamorphism in the Murrin-Margaret geological sector took place under low-strain conditions. Primary textures are generally well preserved and penetrative deformation is absent.

Rocks of Association 1 have been metamorphosed to greenschist conditions, whereas prehnite-pumpellyite to greenschist facies conditions characterise Association 2 (Hallberg, 1985).

Project Geology

The Project is situated over a sequence of mafic intrusive and extrusive rocks (Association 2), which lies on the western limb of the regionally faulted, south plunging Benalla Anticline to the north of the unconformable contact with the Butchery syncline. These geological sequences have been correlated with the Gundockerta Formation and highly prospective Mulgabbie Formation in the Kalgoorlie area.

The sequence from west to east across the Tenements (youngest to oldest) is – feldspathic sediments and basalts, dolerite/porphyritic gabbro, minor shales, chert and siltstone (shown in Figure 2 below).

The dolerite is pervasively altered, with alteration increasing along shears and towards the chert contacts. Alteration is indicated by the presence of carbonated pyrite and leucoxene. In shears, the dolerite is ferruginised after extensive sulphides. The chert is highly pyritic, with its contacts with the upper dolerite having undergone extensive carbonation.

Structure

Dominant structural control factors are en echelon shears parallel to the chert horizon, although flat lying fabrics and drag folds indicate that some thrust faulting has occurred throughout the Project. The relationship of this, if any, to the mineralisation is obscure. Structures within the Tenements strike approximately north north-west (see Figure 2 below).

A number of north east trending structures are interpreted to cross the Tenements possibly linking structures that may produce dilation and be conduits for focusing mineralised fluids. Some of these are reflected in the surface geochemical results discussed later in this IGR and are of particular interest.

Mineralisation

Gold mineralisation in the greenstone sequences occurs in all rock types, although host rocks in most historical producers are dominantly mafic or associated with granitoid. Most of the major producing centres lie within or immediately adjacent to a major tectonic zone. Gold mines in mafic sequences tend to occur in quartz reefs in dilational fault zones with little host rock alteration.

Mineralisation in the region of the project is disseminated in the vicinity of the shears and localised within them. Quartz is present as fine veins, associated with pyrite, gold, silver, arsenopyrite and minor scheelite in the shear zone. The mineralisation appears to be enclosed within an en echelon shear system.

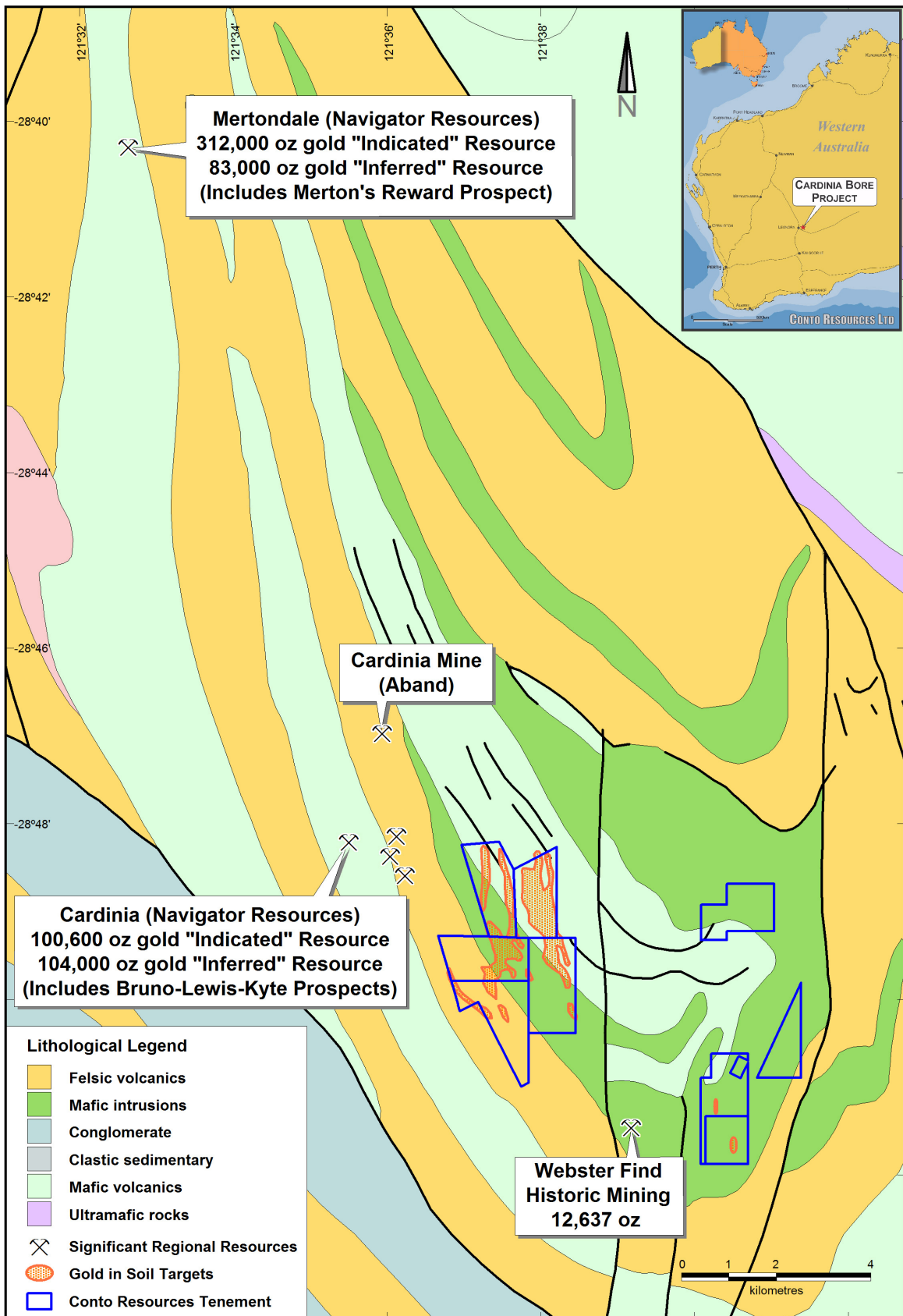


Figure 2 - Geology at the Cardinia Bore Project

2.3 Previous Exploration

During the early years of the last century gold was won from the many small gold diggings and shafts which pocket the area surrounding the Project but these slowly diminished up until the Great Depression years (during 1930s). Production of 12,637 ounces of gold was declared from Websters Find Mine (located in the vicinity of the Project – see Figure 2 above) from narrow lodes and vein systems located along shear zones.

Centenary International Mining Limited (“**Centenary**”) reported work within close proximity but outside of the Project area from the mid to late 1980's. This work concentrated on the prospects now named “Bruno”, “Lewis” and “Kyte” (later mined by Navigator Resources in 2010 – see Figure 2 above for location). These prospects are approximately 2 km to the north north-west of the Project. Centenary reported mineralisation on a sheared volcanic-sediment contact at approximately 330° associated with quartz-sulphide veining dipping steeply to the east (85°). A total of 54 rock chip samples collected by Centenary at Bruno-Lewis-Kyte returned gold grades from 0.06 to 80g/t with an average of 6.43g/t gold. Other results reported by Centenary at Bruno-Lewis-Kyte included RC drilling and costeans as shown in Tables 2 and 3 below:

Table 2: RC Drill Results at Bruno-Lewis-Kyte - Centenary International Mining Limited

<i>Hole ID</i>	<i>North</i>	<i>East</i>	<i>Az/Dip</i>	<i>Depth (m)</i>	<i>Intercept</i>
C1	1519S	128W	250/-60	70	1m @ 1.15g/t gold from 18m
C2	1436S	158W	250/-60	70	'anomalous gold values from 60-62m'
C3	1261S	218W	250/-60	70	'one metre of anomalous gold from 65m'
C4	1042S	166W	250/-60	70	No significant intercept
C5	743S	517W	070/-60	70	3m @ 2.33g/t gold from 12m and, 2m @ 4.25g/t gold from 20m
C6	283S	210W	070/-60	70	3m @ 1.90g/t gold from 24m
C7	1555S	173W	070/-60	70	1m @ 1.14g/t gold from 37m
C8	279S	157W	250/-60	70	3m @ 1.29g/t gold from 5m
C9	743S	527W	070/-60	85	2m @ 1.09g/t gold from 64m
C10	1309S	270W	070/-60	50	1m @ 0.73g/t gold from 21m
C11	1347S	256W	070/-60	50	No significant intercept
C12	1271S	284W	070/-60	50	2m @ 1.39g/t gold from 17m
C13	1232S	296W	070/-60	40	1m @ 4.04g/t gold from 14m and, 2m @ 2.84g/t gold from 19m and, 2m @ 1.54g/t gold from 24m

C14	1195S	307W	070/-60	40	No significant intercept
C15	1157S	320W	070/-60	40	2m @ 2.40g/t gold from 20m
C16	1112S	345W	070/-60	60	1m @ 1.71g/t gold from 37m and, 1m @ 0.93g/t gold from 53m
C17	1075S	359W	070/-60	60	1m @ 0.91g/t gold from 41m
C18	1090S	182W	250/-60	40	'weakly mineralised from 26-27m'
C19	1050S	190W	250/-60	47	'weakly anomalous gold values'
C20	928S	416W	065/-60	40	1m @ 1.14g/t gold from 18m and, 1m @ 1.44g/t gold from 28m
C21	815S	457W	070/-60	40	2m @ 3.24g/t gold from 17m and, 1m @ 1.04g/t gold from 30m
C22	780S	439W	250/-60	60	1m @ 2.13g/t gold from 15m and, 1m @ 1.38g/t gold from 20m and, 1m @ 1.01g/t gold from 44m
C23	778S	476W	070/-60	40	1m @ 1.04g/t gold from 4m and 1m @ 0.95g/t gold from 19m and, 1m @ 1.02g/t gold from 25m
C24	745S	452W	250/-60	60	1m @ 1.68g/t gold from 0m and, 1m @ 1.54g/t gold from 20m
C25	709S	471W	250/-60	60	1m @ 1.81g/t gold from 4m and, 1m @ 1.24g/t gold from 18m and, 1m @ 1.43g/t gold from 59m
C26	094S	005E	070/-60	40	3m @ 1.16g/t gold from 6m and, 1m @ 1.24g/t gold from 15m and, 1m @ 1.15g/t gold from 20m and, 1m @ 2.38g/t gold from 35m
C27	602S	524W	075/-60	30	2m @ 1.52g/t gold from 10m
C28	406S	596W	070/-60	40	1m @ 2.83g/t gold from 29m
C29	369S	612W	070/-60	40	6m @ 20.52g/t gold from 17m and, 2m @ 5.21g/t gold from 30m
C30	298S	665W	250/-60	50	1m @ 1.34g/t gold from 8m and, 1m @ 1.91g/t gold from 43m
C31	295S	645W	250/-60	40	1m @ 1.05g/t gold from 26m and, 2m @ 2.95g/t gold from 28m
C32	287S	616W	250/-60	47	7m @ 3.96g/t gold from 8m and, 1m @ 2.00g/t gold from 20m and, 3m @ 0.94g/t gold from 26m
C33	296S	635W	070/-60	40	1m @ 1.07g/t gold from 1m and, 1m @ 1.03g/t gold from 4m and, 2m @ 1.39g/t gold from 7m and, 4m @ 4.26g/t gold from 28m and, 2m @ 2.29g/t gold from 37m
C34	257S	659W	250/-60	66	4m @ 3.55g/t gold from 0m and, 7m @ 1.37g/t gold from 7m and, 2m @ 3.42g/t gold from 29m
C35	241S	633W	250/-60	60	2m @ 3.30g/t gold from 13m and, 3m @ 3.00g/t gold from 28m
C36	250S	650W	070/-60	40	1m @ 5.20g/t gold from 33m and, 1m @ 5.78g/t gold from 37m

Table 3: Costean Results at Bruno-Lewis-Kyte - Centenary International Mining Limited

<i>Costean ID</i>	<i>North</i>	<i>East</i>	<i>Az</i>	<i>Length (m)</i>	<i>Intercept</i>
CC1	250S	128W	60	72	No significant intercept
CC2	700S	158W	60	62	No significant intercept
CC3	750S	218W	60	76	9.23m @ 2.81g/t gold
CC4	800S	166W	60	64	13.74m @ 1.53g/t gold
CC5	600S	517W	60	80	No significant intercept
CC6	750S	210W	60	90	No significant intercept
CC7	250S	720W	60	80	2m @ 3.07g/t gold 1m @ 1.11g/t gold 1m @ 1.00g/t gold 2m @ 1.70g/t gold
CC8	300S	712W	60	90	4m @ 2.64g/t gold 1m @ 3.32g/t gold 1m @ 1.47g/t gold 1m @ 1.19g/t gold 3m @ 2.16g/t gold
CC9	358S	621W	60	60	2m @ 2.61g/t gold
CC10	400S	600W	60	60	1m @ 1.61g/t gold 1m @ 1.25g/t gold
CC11	427S	70E	60	80	1m @ 1.08g/t gold
CC12	500S	133E	60	65	1m @ 3.00g/t
CC13	579S	195E	60	60	No significant intercept
CC14	911S	431W	60	35	No significant intercept
CC15	1092S	344W	60	60	4m @ 3.33g/t gold 1m @ 1.14g/t gold 3m @ 2.01g/t gold
CC16	1185S	308W	60	55	1m @ 1.26g/t gold

Cornwall Resources Corporation NL (“**Cornwall**”) carried out two geochemical sampling programs within and surrounding the Project in the early 1990’s. The best result from these two programs that is contained within the Project is 14.3 ppb gold. The Cornwall sampling also contained an overall peak value of 82 g/t gold from just outside the area of the Project, located approximately 2.5 kilometres east from P37/7636 and 1 kilometre northwest from P37/7640. The total number of samples collected by Cornwall during these two geochemical programs was 1,250 with analyses ranging from below detection to 82,000ppb gold with an average value of 81ppb gold.

Other geochemical sampling programs were carried out on areas that are now within the Tenements. In 2001 Goldfields Exploration Pty Ltd (“**Goldfields**”) collected 485 shallow auger samples (440.5m) over the area of the northern five Tenements (P37/7635-39) – see Figure 3. This work was conducted over wide 400m spaced lines with 50m sample spacing. Infill to 200m line spacing was carried out by Goldfields over land now covered by two of the tenements (namely P37/7637 and P37/7639) for 1.5km of strike. A total of 485 holes were drilled and sampled by Goldfields with a range of assay results from below detection limits up to 4,813ppb gold. The samples assayed from all drilling had an average of 81ppb gold. The auger hole which resulted in the peak gold value of 4,813 ppb (4.8g/t gold) was collected from within P37/7636.

This very high auger value is coincident with a shear zone where other results such as 300 ppb and 71 ppb of gold were found (within P37/7635 and P37/7637). The Goldfields data set referred to above shows an approximate gold background value of 5ppb for the Project. Almost half of the auger holes completed by Goldfields returned gold values which were above background levels.

Cazaly carried out a geochemical reconnaissance soil sampling program on the Tenements during March 2010, when a total of 180 samples were collected on a 400 by 50m grid – see Figure 3. These soil samples were submitted for analysis of gold and other elements. A peak value of 25 ppb gold was returned, five times over the approximated background of 5 ppb gold. The Cazaly geochemical soil samples had analyses ranging from below detection up to 25ppb gold and an average value of 3.7ppb gold.

Several single peak anomalies require further investigation on P37/7642 and P37/7654 and confirm the presence of at least two structural corridors of gold mineralisation as identified and confirmed by Goldfields in 2001. The larger of these corridors contains gold auger values of 71ppb, 268ppb and 4,813 ppb and extends from the northern end of P37/7635 in a south south-easterly direction to the southern end of P76/7639 over a total strike length of approximately 3.5 kilometres (to 500m wide). Another strongly mineralised corridor is located to the east and sub-parallel to the first corridor and contains peak auger values of 54ppb and 50ppb gold within a mineralised envelope over a total strike length of approximately 3 kilometres (to 600m wide).

Recently, Navigator Resources carried out significant amounts of work on tenements comprising their Leonora Project including in the vicinity of the Project (see Figure 2 for location). Navigator Resources’ objective is for Leonora to become its second operating gold mine (after the Bronzewing Operation 175km north) moving the Company into mid-tier gold

producer status. To progress towards this objective Navigator Resources conducted a trial mining and milling program during 2010.

Results were announced by Navigator on 2nd September 2010 confirming the processing of 74,200t of ore (including 60,200t from the Bruno Prospect and Cardinia) producing 4,450 ounces of gold (average blended head grade of 1.87g/t gold).

Subsequently and due to the success of the trial, a further 39,800 tonnes of ore were mined from the Bruno pit and hauled to the Navigator Resources' Bronzewing Gold Project for treatment. The additional ore was estimated by Navigator to have yielded an additional 2,773 ounces of gold (approximate head grade of 2.17g/t gold).

Table 4: Historical Production from the Cardinia Bore District

Prospect	Tonnes	Grade (g/t gold)	Ounces Gold
**Websters Find	na.	na.	12,637
**Mertons Reward	90,000	20.8	58,670
**Mertondale 3/4	1,300,00	4.3	175,195
**Mertondale 5	340,000	3.4	36,230
*Bruno/Mertondale 2	74,200	1.87	4,450
*Bruno	39,800	2.17	2,773
TOTAL			289,955

* Navigator Resources ASX Announcement "Operations Update : Bronzewing, Leonora & Cummins Range" 2nd September 2010.

** Navigator Resources ASX Announcement "Significant Gold Discovery Confirmed By Major Drill Program at Cardinia" 29th October 2008.

2.4 Exploration Potential

Significant gold in soil geochemical anomalies have been generated in the area surrounding and comprising the Project from separate exploration programs carried out by different companies. Despite the first pass reconnaissance exploration within the Project being successful in generating targets for follow-up, no infill sampling or drilling of these targets is recorded in open file reporting to date.

No recent drilling has been conducted within the Project, leaving the Project largely unexplored. A significant mineralised shear zone strikes NW-SE through the western part of the Project which appears to link the historic Cardinia Bore and Webster Find mining centres. Several recently discovered mineral resources are also located in the vicinity of the shear zone such as Cardinia (100,000 oz "Indicated" and 104,000 oz "Inferred Resource") and includes the Bruno-Lewis-Kyte Deposits (see Figure 2 above).

Cazaly carried out a geochemical reconnaissance program over the Tenements during March 2010, when a total of 180 samples were collected and submitted for gold and other elements analysis. Best result returned 25 ppb of gold, five times over an approximated background of 5 ppb, with grades ranging from not detectable to 25ppb gold and average value of 3.7ppb gold. Several single peak anomalies require further investigation on P37/7642 and P37/7654. Anomalous gold results broadly support previous geochemistry and can be correlated to an intersection of structural features on P37/7637 (see Figure 3 below).

Regolith mapping by the Geological Survey of Western Australia ("GSWA") at a 1:500,000 scale has recorded an erosional terrain throughout the Project area. This would indicate that the geochemical results probably reflect bedrock mineralisation within the project and not transported overburden. No drilling has been conducted within the Project to test the shear zone or structural splay faults. The geochemical anomalies warrant further geochemical sampling and/or RC drilling targeting the gold anomalism and prospective structural settings.

It is possible that these anomalous gold results reflected in separate geochemical campaigns at the Project confirm the presence of mineralisation associated with paralleling structural zones along strike from significant gold discoveries. These anomalies were previously dismissed as being transported despite their coincidence with favourable structural geology.

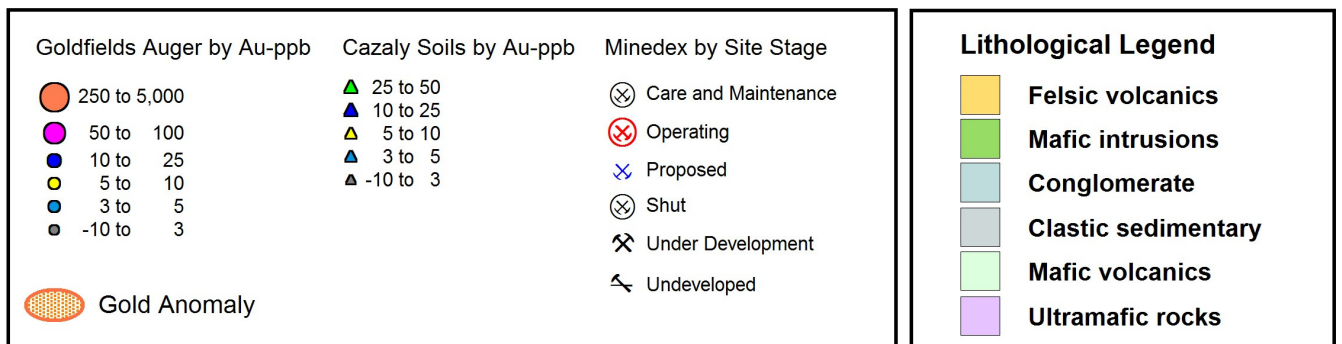
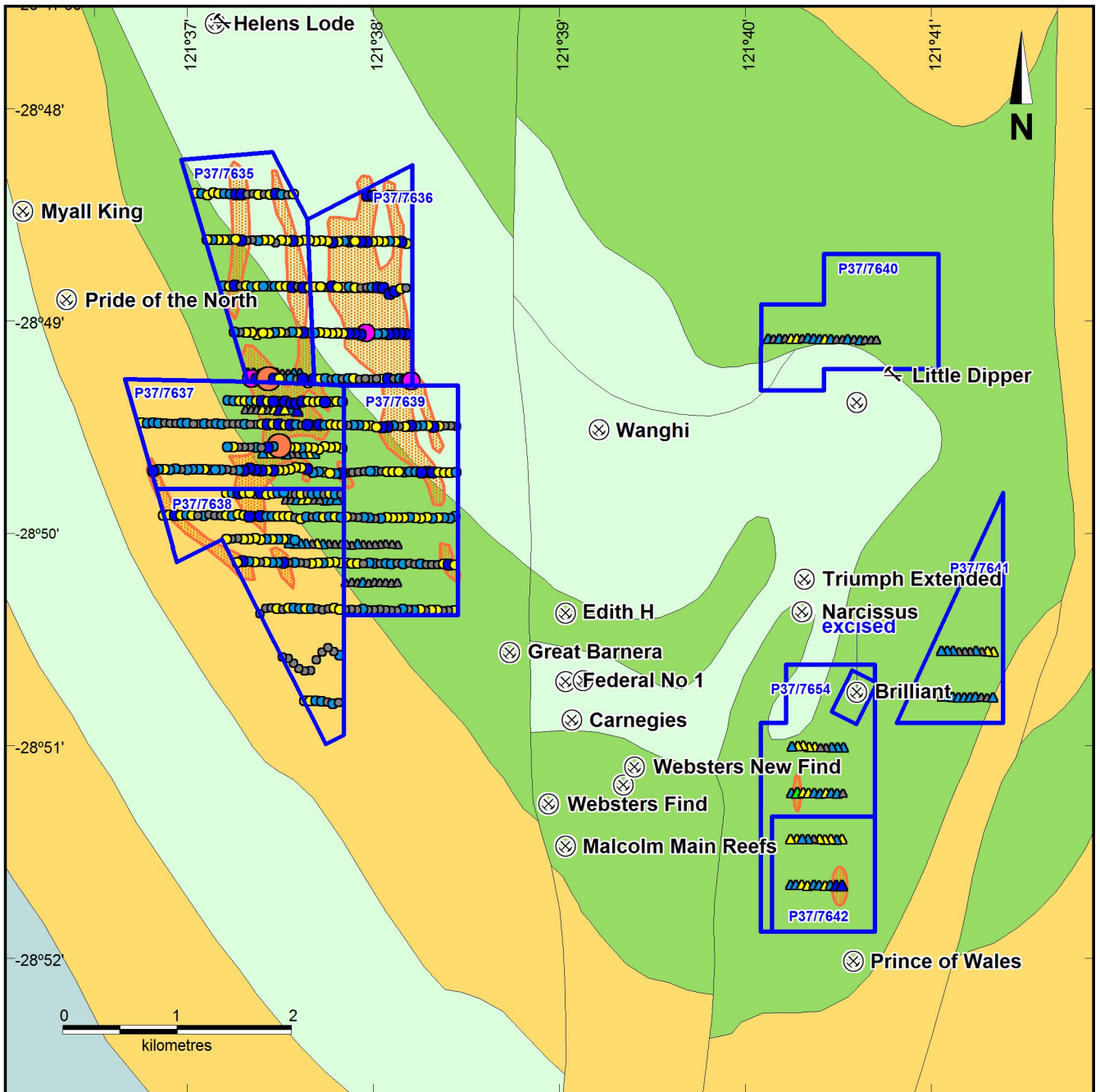


Figure 3. - Geochemical Anomalies and Structural Targets at the Cardinia Bore Project

3 EXPLORATION PROGRAM AND BUDGET

Exploration to date at the Project indicates the likely presence of shallow bedrock gold mineralisation. Historic and recent work by other companies directly along strike shows that structures which trend through the Project are favourable settings for possible significant gold mineralisation. The current gold price and commodities market sentiment have seen renewed interest in the West Australian gold sector, particularly those belts with historic gold production that include prospects which have not been adequately explored.

Analysis of the geochemical data at the Project show immediate drill targets for shallow mineralisation as well as other areas that require further detailed sampling to better define anomalies. A more detailed program of mapping and surface geochemical sampling are recommended over the entire area of the Project. This should include a comprehensive collation of all historic data sets and the reinterpretation of any geophysical surveys completed to date.

Deeper 'blind' mineralisation in favourable structural traps should also be considered as primary exploration targets at the Project. There is an association of sulphides in quartz veining at the Navigator Resources "Bruno-Lewis-Kyte Deposit" to the north north-west (1.5km away from the Project). Similar mineralisation styles below the base of oxidation may be detected by air and ground geophysical work such as electromagnetic surveys (EM). Consideration should also be given to flying detailed airborne magnetic surveys (TMI) to assist in defining the structural and geological elements within the Project.

This work will allow Conto to systematically explore the Tenements over a two to three year period for both shallow and deeper mineralisation. The data sets produced from this work will allow continual prioritisation and re-rating of targets as each phase of work is completed. A large component of the budget is expected to be in direct drilling costs as well as geophysics.

Tenement monitoring and further ground acquisition in the region is also recommended to build on the ground holding currently secured by the nine licences. With a number of gold plants in a 100km radius of the project, opportunities may also exist for joint ventures, strategic alliances or toll treatment arrangements with mill owners such as Navigator Resources if economic deposits are discovered.

The budget for the Project reflects the initial focus for Conto upon a successful listing and raising of capital. The Project has a number of drill ready targets from previous exploration

however more thorough reconnaissance will assist in prioritising other targets before mobilising drilling equipment to site. A total proposed budget for Year 1 and 2 at the Project is estimated to be \$2,700,000 with a large component of airborne and ground geophysics, Reverse Circulation (RC) and diamond drilling planned.

The suggested work is in multiple phases and subject to constant review based upon results, interpretations, development of exploration targets and models and target prioritisation. This is an evolving process and will be driven by many factors including success of the previous phase before moving on to subsequent stages. Therefore some flexibility in changing the programs and budgetary requirements is needed as results are received.

Field work in the first year encompasses detailed research of previous exploration, geological modelling and geophysical and geochemical data acquisition. This will be followed by more detailed geological and geophysical surveys as appropriate and drilling in areas of significant anomalism. Depending on the success of the first year exploration, follow up work in the second year will consist primarily of closer spaced drilling and sampling to further define the mineralisation. The amount of capital Conto expects to raise from the Prospectus is considered sufficient and adequate to explore the project effectively for the first two years of activity as shown by the expected budgets in table 5 below.

Table 5: Proposed Year 1-2 Budget the Cardinia Bore Project

Project Budget, AUD			
	Year 1	Year 2	Total
Data Review	40,000	50,000	90,000
Field Survey	125,000	145,000	270,000
Mapping, Prospecting	110,000	90,000	200,000
Geophysics	220,000	150,000	370,000
RC/DDH Drilling	500,000	750,000	1,250,000
Sampling / Assaying	200,000	320,000	520,000
Annual Total	\$1,195,000	\$1,505,000	\$2,700,000

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www.navigatorresources.com.au (Navigator)

www.dmp.wa.gov.au (Western Australian Department of Mines and Petroleum – Minedex Resource Estimates 2003)

5 GLOSSARY OF TECHNICAL TERMS

<i>aeolian</i>	Formed or deposited by wind.
<i>aeromagnetic</i>	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the earth's magnetic field.
<i>Ag</i>	Silver
<i>aircore</i>	A drilling technique used for mineral exploration which utilises high pressure air, rotation and sometimes percussion hammer tools. Drill chips are collected via a 'closed sample return' similar to RC systems and are therefore less likely to be contaminated. A 'core' shaped sample is often returned in competent rock types.
<i>alluvial</i>	Pertaining to silt, sand and gravel material, transported and deposited by a river.
<i>alluvium</i>	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
<i>alteration</i>	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
<i>amphibolite facies</i>	An assemblage of minerals formed at moderate to high temperatures (450°C to 700°C) during regional metamorphism.
<i>andesite</i>	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
<i>anomalies</i>	An area where exploration has revealed results higher than the local background level.
<i>anticline</i>	A fold in the rocks in which strata dip in opposite directions away from the central axis.
<i>antiformal</i>	An anticline-like structure.
<i>Archaean</i>	The oldest rocks of the Precambrian era, older than about 2,500 million years.
<i>Au</i>	Gold
<i>Az</i>	Azimuth
<i>basalts</i>	A volcanic rock of low silica (less than 55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
<i>BIF</i>	A rock consisting essentially of iron oxides and cherty silica, and possessing a marked banded appearance.
<i>BLEG sampling</i>	Bulk leach extractable gold analysis; an analytical method for accurately determining low levels of gold.
<i>chert</i>	Fine grained sedimentary rock composed of cryptocrystalline silica.
<i>chlorite</i>	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
<i>colluvium</i>	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.

<i>conglomerate</i>	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
<i>Cu</i>	Copper
<i>dacite</i>	An extrusive rock composed mainly of plagioclase, quartz and pyroxene or hornblende or both.
<i>diamond drilling</i>	A drilling technique used for mineral exploration which uses rotation and diamond bits to cut through rock. Produces a semicontinuous 'core' of rock.
<i>dilational</i>	Open space within a rock mass commonly produced in response to folding or faulting.
<i>dolerite</i>	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
<i>dykes</i>	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
<i>EM</i>	Electromagnetic – an electrical geophysics exploration survey method based on measuring alternating magnetic fields associated with currents artificially or naturally maintained in the subsurface.
<i>erosional</i>	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the earths surface.
<i>fault zone</i>	A wide zone of structural dislocation and faulting.
<i>felsic</i>	An adjective indicating that a rock contains abundant feldspar and silica.
<i>foliated</i>	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
<i>g/t</i>	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
<i>gabbro</i>	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
<i>geochemical</i>	Pertains to the concentration of an element.
<i>geophysical</i>	Pertains to the physical properties of a rock mass.
<i>gneissic</i>	Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.
<i>g</i>	Gram
<i>granite</i>	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
<i>greenschist</i>	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
<i>greenstone belt</i>	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
<i>ha</i>	Hectare
<i>igneous</i>	Rocks that have solidified from magma.
<i>infill</i>	Refers to sampling or drilling undertaken between pre-existing sample points.

<i>intermediate</i>	A rock unit which contains a mix of felsic and mafic minerals.
<i>intrusions</i>	A body of igneous rock which has forced itself into pre-existing rocks.
<i>intrusive contact</i>	The zone around the margins of an intrusive rock.
<i>IOCG</i>	Iron Oxide Copper Gold – A geological model or group of deposits typically associated with magmatic hydrothermal gold and copper mineralisation
<i>IP</i>	Induced Polarisation – an electrical geophysics exploration survey method based on the production of electric charge displacement brought about by application of an electric or magnetic field
<i>ironstone</i>	A rock formed by cemented iron oxides.
<i>kimberlite</i>	An ultramafic igneous rock with potential to host diamonds
<i>km</i>	Kilometre
<i>laterite</i>	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
<i>lineament</i>	A significant linear feature of the earth's crust, usually equating a major fault or shear structure.
<i>lithological contacts</i>	The contacts between different rock types.
<i>metamorphic</i>	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
<i>m</i>	Metre
<i>Mg</i>	Magnesium
<i>Mozs</i>	Million ounces
<i>Mt</i>	Million tonnes
<i>Nickel (Ni)</i>	Silvery-white metal used in alloys.
<i>oz</i>	Ounces
<i>outcrops</i>	Surface expression of underlying rocks.
<i>palaeochannels</i>	An ancient preserved stream or river.
<i>Pb</i>	Lead
<i>pegmatite</i>	A very coarse grained intrusive igneous rock which commonly occurs in dyke-like bodies containing lithium-boron-fluorine-rare earth bearing minerals.
<i>playa lake</i>	Broad shallow lakes that quickly fill with water and quickly evaporate, characteristic of deserts.
<i>ppm</i>	Parts per million

<i>porphyries</i>	Felsic intrusive or sub-volcanic rock with larger crystals set in a fine groundmass.
<i>ppb</i>	Parts per billion; a measure of low level concentration.
<i>pyroxenite</i>	A coarse grained igneous intrusive rock dominated by the mineral pyroxene.
<i>quartz reefs</i>	Old mining term used to describe large quartz veins.
<i>RAB drilling</i>	A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
<i>RC drilling</i>	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
Rare Earth Elements (<i>REE</i>)	A collection of seventeen chemical elements in the periodic table which exhibit similar properties useful in modern technologies and super conductors, batteries and magnets
<i>regolith</i>	The layer of unconsolidated material which overlies or covers in situ basement rock.
<i>residual</i>	Soil and regolith which has not been transported from its point or origin.
<i>rhyolite</i>	Fine-grained felsic igneous rock containing high proportion of silica and felspar.
<i>rock chip sampling</i>	The collection of rock specimens for mineral analysis.
<i>schist</i>	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
<i>sedimentary</i>	A term describing a rock formed from sediment.
<i>shale</i>	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
<i>sheared</i>	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
<i>soil sampling</i>	The collection of soil specimens for mineral analysis.
<i>stratigraphic</i>	Composition, sequence and correlation of stratified rocks.
<i>stream sediment sampling</i>	The collection of samples of stream sediment with the intention of analysing them for trace elements.
<i>strike</i>	Horizontal direction or trend of a geological structure.
<i>sulphide</i>	A general term to cover minerals containing sulphur and commonly associated with mineralisation.
<i>supergene</i>	Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
<i>syncline</i>	A fold in rocks in which the strata dip inward from both sides towards the axis.
<i>t</i>	tonne
<i>tholeiitic</i>	A descriptive term for basalt with little or no olivine.

<i>TMI</i>	Total Magnetic Intensity – airborne magnetic survey data
<i>ultramafic</i>	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
<i>veins</i>	A thin infill of a fissure or crack, commonly bearing quartz.
<i>volcaniclastics</i>	Pertaining to clastic rock containing volcanic material.
<i>volcanics</i>	Formed or derived from a volcano.
<i>XRF</i>	X-Ray Fluorescence – a type of X-ray emission spectroscopy in which the characteristic X-ray spectrum of a substance is measured to identify the concentration of each element
<i>Zn</i>	zinc

9. INVESTIGATING ACCOUNTANT'S REPORT



18 April 2011

The Directors
Conto Resources Ltd
Suite 2, Level 3
1292 Hay Street
WEST PERTH WA 6005

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

1. INTRODUCTION

We have prepared this Investigating Accountant's Report ("**Report**") on historical financial information of Conto Resources Ltd ("**Conto Resources**" or "**the Company**") for inclusion in a Prospectus to be dated on or about 18 April 2011 (**the "Prospectus"**).

Broadly, the Prospectus will offer up to 15,000,000 Shares at an issue price of \$0.20 each to the general public for a total consideration of \$3,000,000 ("**the Offer**").

The Company may accept oversubscriptions of up to a further \$1,000,000 through the issue of further 5,000,000 Shares.

The minimum subscription level is 12,500,000 Shares to raise \$2,500,000 before capital raising costs.

2. BASIS OF PREPARATION

This Report has been prepared to provide investors with information on the Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity and the pro-forma Statement of Financial Position and the pro-forma Statement of Changes in Equity as noted in Appendices 1, 2 and 3, forming part of this Report.

This Report does not address the rights attaching to the Shares to be issued in accordance with the Prospectus, nor the risk associated with the investment, and has been prepared based on the complete Offer being achieved. Pitcher Partners Corporate & Audit (WA) Pty Ltd ("**Pitcher Partners**") has not been requested to consider the prospects for the

Company, the Shares on Offer and related pricing issues, nor the merits and risks associated with becoming a Shareholder or anything else in relation to the issue of the Shares and whether it is fair or reasonable and accordingly has not done so, and does not purport to do so. Pitcher Partners accordingly takes no responsibility for these matters or for any matter or omission in the Prospectus, other than responsibility for this Report. Risk factors are as set out in the Prospectus.

Expressions defined in the Prospectus have the same meaning as in this Report.

3. BACKGROUND

Conto Resources is an Australian based gold and base metals exploration company incorporated on 3 February 2011 with an issued capital of 5,000,000 Share at \$0.01 each.

On 16 February 2011, the Company entered into Farmin Agreement with Sammy Resources Pty Ltd (“**Sammy**”) to acquire 80% interest in exploration project focusing on Gold and Base Metals (collectively referred as “**Cardinia Bore Project**”). Sammy is the registered holder or is entitled to be registered as the holder and beneficial owner of the Cardinia Bore Project.

In consideration of the Company paying to Sammy a non-refundable amount of \$10,000, Sammy shall grant to the Company the sole and exclusive right to enter onto the Cardinia Bore Project and explore for all minerals.

The Company may earn an initial 80% interest, free from encumbrances, in the Cardinia Bore Project by:

- Completing a minimum of 1,000m of RC drilling within 2 years of the Company listing on the ASX;
- Payment of \$25,000 in cash upon the successful listing of the Company on the ASX; and
- Issuing \$80,000 in Shares at \$0.20 per Share upon the successful listing of the Company on the ASX.

On or around 8 April 2011, the Company issued 4,500,000 Shares at \$0.10 each to seed investors to raise \$450,000.

On 1 April 2011, the Company’s Board approved the issue of 750,000 Directors Options to the Directors (subject to Shareholders’ approval) and 4,000,000 Broker Options to the Brokers. The Options have an exercise price of \$0.20 per Share. These Options will be issued immediately prior to the Company being admitted to the official list of ASX. The Directors Options must be exercised on or before 1 April 2014; and the Broker Options must be exercised on or before 31 May 2014.

The Company intends to use approximately \$2,700,000 of the funds raised pursuant to this Prospectus to explore and evaluate the current project portfolio, assuming full subscription. Approximately \$65,000 will be retained as working capital after paying the estimated \$250,000 expenses of the issue and \$25,000 payment to Sammy.

4. SCOPE

You have requested Pitcher Partners to prepare an Investigating Accountant's Report covering the following financial information:

- Conto Resources' reviewed historical Statement of Comprehensive Income for the period from 3 February 2011 (date of incorporation) to 28 February 2011;
- Conto Resources' reviewed Statement of Financial Position as at 28 February 2011;
- The pro-forma Statement of Financial Position as at 28 February 2011 reflecting the actual position as at that date, major transactions between that date and the date of our Report and transaction relating to the proposed capital raising under the Prospectus;
- The pro-forma Statement of Changes in Equity for the period from 3 February 2011 (date of incorporation) to 28 February 2011; and
- The accounting policies applied by Conto Resources in preparing its financial statements.

The historical financial information set out in the appendices to this Report has been extracted from the financial statements of the Company for the period from 3 February 2011 (date of incorporation) to 28 February 2011.

The Directors are responsible for the preparation of the historical financial information including determination of the adjustments.

We have conducted our review of the historical financial information in accordance with the Australian Auditing and Assurance Standard ASRE 2405 "Review of Historical Financial Information Other than a Financial Report". We made such inquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a review of work papers, accounting records and other documents pertaining to balances in existence at 28 February 2011;
- a review of the assumptions used to compile the pro-forma Statement of Financial Position;
- a review of the adjustments made to the pro-forma historical financial information;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed in the Appendices to this Report; and
- enquiry of Directors and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review was limited primarily to an examination of the historical financial information, the pro-forma financial information, analytical review procedures and discussions with both management and Directors. A review of this nature provides less

assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical information or pro-forma financial information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

- support by another person, corporation or an unrelated entity has not been assumed;
- the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- the going concern basis of accounting has been adopted.

5. CONCLUSION

Statement on Historical Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the historical financial information as set out in the Appendices to this Report does not present fairly the financial performance for the period from 3 February 2011 (date of incorporation) to 28 February 2011 or the financial position as at 28 February 2011 in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Statement of Pro-forma Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the pro-forma financial information does not present fairly the financial position of the Company as at 28 February 2011, in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions had occurred on that date.

6. SUBSEQUENT EVENTS

The Company entered into the following material transactions after 28 February 2011:

- Whereas previously the Company entered into an agreement with Sammy on 16 February 2011, the Company paid \$10,000 non-refundable deposits on 23 March 2011 for the acquisition of Cardinia Bore Project in accordance with Farmin Agreement with Sammy.
- On or around 8 April 2011, the Company issued 4,500,000 Shares to seed investors at \$0.10 each to raise \$450,000.

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no material transactions or events outside of the ordinary business of the Company have come to our attention that would

require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. ASSUMPTIONS ADOPTED IN COMPILING THE PRO-FORMA STATEMENT OF FINANCIAL POSITION

The pro-forma Statement of Financial Position post issue is shown in Appendix 2. This has been prepared based on the reviewed financial statements as at 28 February 2011 and the transactions and events relating to the issue of Shares under this Prospectus:

Pro-forma adjustments

- Issue of 15,000,000 Shares at \$0.20 each through the Prospectus to raise \$3,000,000 under the Offer;
- Payment of \$25,000 in cash and issuing \$80,000 in Shares at \$0.20 per Share to Sammy in accordance with Farmin Agreement with Sammy;
- Issue of 750,000 Options to Directors and 4,000,000 Options to Brokers. The Options have an exercise price of \$0.20 per Share. These Options will be issued immediately prior to the Company being admitted to the official list of ASX. The Directors Options must be exercised on or before 1 April 2014; and the Broker Options must be exercised on or before 31 May 2014; and
- The payment of expenses associated with the preparation and issue of the Prospectus amounting to approximately \$250,000. These capital raising costs have been netted off against the share capital raised.

8. DISCLOSURES

Pitcher Partners Corporate & Audit (WA) Pty Ltd is the corporate advisory arm and registered audit company of Pitcher Partners in Perth.

Neither Pitcher Partners Corporate & Audit (WA) Pty Ltd nor Pitcher Partners, nor any director or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Consent to the inclusion of the Investigating Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully
PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD



MARK ENGLISH
Director

APPENDIX 1
CONTO RESOURCES LTD
STATEMENT OF COMPREHENSIVE INCOME

Reviewed
For the period from
3 February 2011 (date of
incorporation) to
28 February 2011
\$

Revenue from ordinary activities	-
Total revenue	<hr/> -
Expenses from ordinary activities	626
Loss from ordinary activities before income tax expense	<hr/> (626)
Income tax expense	-
Net loss and total comprehensive income for the period	<hr/> (626) <hr/>

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.

APPENDIX 2
CONTO RESOURCES LTD
STATEMENT OF FINANCIAL POSITION

	Conto Resources Reviewed 28				
Notes	February 2011	Subsequent Events	Pro-forma Adjustments	Pro-forma After Issue	
	\$	\$	\$	\$	
CURRENT ASSETS					
Cash and cash equivalents	2	49,998	440,000	2,725,000	3,214,998
TOTAL CURRENT ASSETS		49,998	440,000	2,725,000	3,214,998
NON-CURRENT ASSETS					
Exploration and evaluation expenditure	3	-	10,000	105,000	115,000
TOTAL NON-CURRENT ASSETS		-	10,000	105,000	115,000
TOTAL ASSETS		49,998	450,000	2,830,000	3,329,998
CURRENT LIABILITIES					
Trade and other payables		624	-	-	624
TOTAL CURRENT LIABILITIES		624	-	-	624
TOTAL LIABILITIES		624	-	-	624
NET ASSETS		49,374	450,000	2,830,000	3,329,374
EQUITY					
Share Capital	4	50,000	450,000	2,830,000	3,330,000
Reserves	5	-	-	427,955	427,955
Accumulated Losses	6	(626)	-	(427,955)	(428,581)
TOTAL EQUITY		49,374	450,000	2,830,000	3,329,374

The pro-forma Statement of Financial Position after issue is as per the Statement of Financial Position before issue adjusted for the transactions relating to the issue of Shares pursuant to the Prospectus. The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.

APPENDIX 3
CONTO RESOURCES LTD
STATEMENT OF CHANGES IN EQUITY

	Conto Resources Reviewed 28 February 2011 \$	Subsequent Events \$	Pro-forma Adjustments \$	Pro-forma After Issue \$
Opening balance at 3 February 2011 (date of incorporation)	-	-	-	-
Loss for the period	(626)	-	-	(626)
Total comprehensive income recognised for the period	(626)	-	-	(626)
<i>Transactions with equity holders in their capacity as equity holders:</i>				
Contributions of equity, net of transaction costs	50,000	-	-	50,000
Issue of Shares pursuant to the Prospectus, net of transaction costs	-	450,000	2,830,000	3,280,000
Issue of Options to Directors under Reserves	-	-	427,955	427,955
Issue of Options to Brokers and Directors under Accumulated Losses	-	-	(427,955)	(427,955)
Closing equity balance at 28 February 2011 after completion of Prospectus	49,374	450,000	2,830,000	3,329,374

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.

APPENDIX 4
CONTO RESOURCES LTD
NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

(a) Basis of Preparation of Historical Financial Information

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the presentation and disclosure requirements of the Australian equivalents to International Financial Reporting Standards (“AIFRS”), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The historical financial information has been prepared on a historical cost basis.

Compliance with AIFRS ensures that the financial report of Conto Resources Ltd complies with International Financial Reporting Standards (“IFRS”).

(b) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

(c) Impairment of Assets

At each reporting date the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the Statement of Comprehensive Income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

(e) Issued Capital

Issued capital is recognised at the fair value of the consideration received by the Company. Any transaction costs on the issue of Shares are recognised directly in equity as a reduction of the Share proceeds received.

(f) Exploration and Evaluation Expenditure

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Subsequent exploration and evaluation costs related to an area of interest are written off as incurred except they may be carried forward as an item in the statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- The costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- Exploration and/or evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use of sale.

(g) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Share Based Payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options is recognised as an expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the holder become unconditionally entitled to the options. Fair value is determined by an independent valuer using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Conto Resources ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the income statement. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

(j) Critical Accounting Judgments, Estimates and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company is of the view that there are no critical accounting estimates and judgements in this financial information, other than accounting estimates and judgements in relation to the carrying value of exploration and evaluation expenditure.

Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of the interest is current.

These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

**NOTE 2. CASH AND CASH
EQUIVALENTS**

	Reviewed 28 February 2011 \$	Pro-forma After Issue \$
Cash and cash equivalents	<u>49,998</u>	<u>3,214,998</u>
Adjustments arising in the preparation of the pro-forma cash balance are summarised as follows:		
Reviewed balance of Conto Resources at 28 February 2011		49,998
<i>Subsequent events:</i>		
Issue of 4,500,000 Shares at \$0.10 per share to seed investors		450,000
Payment of non-refundable deposit for the acquisition of Cardinia Bore Project in accordance with Farmin Agreement		(10,000)
<i>Pro-forma adjustments:</i>		
Proceeds from Shares issued under this Prospectus		3,000,000
Cash payments as part of the acquisition consideration of the Cardinia Bore Project		(25,000)
Capital raising costs		<u>(250,000)</u>
Pro-forma Balance		<u>3,214,998</u>

**NOTE 3. EXPLORATION AND
EVALUATION EXPENDITURE**

	Reviewed 28 February 2011	Pro-forma After Issue
	\$	\$
Exploration and evaluation expenditure	-	115,000
<p>Adjustments arising in the preparation of the pro-forma exploration and evaluation expenditure balance are summarised as follows:</p>		
Reviewed balance of Conto Resources at 28 February 2011		-
<p><i>Subsequent event:</i></p>		
Payment of non-refundable deposit for the acquisition of Cardinia Bore Project in accordance with Farmin Agreement		10,000
<p><i>Pro-forma adjustments:</i></p>		
Cash payments as part of the acquisition consideration of Cardinia Bore Project		25,000
Issue of 400,000 Shares at \$0.20 per Share in accordance with Farmin Agreement		80,000
Pro-forma Balance		<u>115,000</u>

NOTE 4. SHARE CAPITAL

	Reviewed 28 February 2011 \$	Pro-forma After Issue \$
Share capital	<u>50,000</u>	<u>3,330,000</u>
Adjustments arising in preparation of the pro-forma share capital balance are summarised as follows:	Number of ordinary shares	\$
Shares issued to promoters at \$0.01 each on incorporation	<u>5,000,000</u>	<u>50,000</u>
Balance as at 28 February 2011	5,000,000	50,000
<i>Subsequent event:</i>		
Shares issued to seed investors at \$0.10 each	4,500,000	450,000
<i>Pro-forma adjustments:</i>		
Issue of 15 million Shares at \$0.20 per Share pursuant to the Offer under the Prospectus	15,000,000	3,000,000
Issue of 400,000 Shares at \$0.20 per Share in accordance with Farmin Agreement	400,000	80,000
Capital raising costs	<u>-</u>	<u>(250,000)</u>
Pro-forma balance	<u>24,900,000</u>	<u>3,330,000</u>

Oversubscriptions

The Prospectus has provision to accept oversubscriptions of up to further 5,000,000 Shares to raise up to further \$1,000,000.

In this situation the costs associated with the Share issue would increase to \$300,000, the cash at bank balance would rise by \$950,000 and the contributed equity would increase by \$950,000. The total number of Shares on issue would be 29,900,000.

NOTE 5. RESERVES

	Reviewed 28 February 2011 \$	Pro-forma After Issue \$
Reserves	-	427,955

Adjustment arising in the preparation of the pro-forma reserve balance is summarised as follows:

Reviewed balance of Conto Resources at 28 February 2011	-
---------------------------------------------------------	---

Pro-forma adjustment:

Issue of 750,000 Directors Options to Directors and 4,000,000 Broker Options to Brokers for the exercise price of \$0.20 each with expiry date of 1 April 2014 for Directors Options and 31 May 2014 for Broker Options	427,955
Pro-forma balance	<u>427,955</u>

750,000 Options will be issued to the Directors (following Shareholders' approval) and 4,000,000 Options will be issued to the Brokers for the exercise price of \$0.20 each. These Options will be issued immediately prior to the Company being admitted to the official list of ASX. The Directors Options must be exercised on or before 1 April 2014; and the Broker Options must be exercised on or before 31 May 2014.

Input Value

Underlying share price: \$0.20
Exercise price: \$0.20
Expected volatility: 60%
Option life: 3 years
Risk free interest rate: 4.84%

NOTE 6. ACCUMULATED LOSSES

	Reviewed 28 February 2011 \$	Pro-forma After Issue \$
Accumulated losses	(626)	(428,581)

Adjustment arising in the preparation of the pro-forma accumulated losses balance is summarised as follows:

Reviewed balance of Conto Resources at 28 February 2011	(626)
---------------------------------------------------------	-------

Pro-forma adjustment:

Issue of 750,000 Options to Directors and 4,000,000 Options to Brokers for the exercise price of \$0.20 each with expiry date of 1 April 2014 for Directors Options and 31 May 2014 for Directors Options	(427,955)
Pro-forma balance	<u>(428,581)</u>

NOTE 7. OPTIONS

The following Options will be on issue following the successful initial public offering:

Options Issued to Directors

Class	Number	Exercise Price	Exercise Date	Value	\$
Unlisted Options	<u>750,000</u>	\$0.20	1 April 2014	150,000	<u>66,137</u>

Options issued to Brokers as part of services provided

Class	Number	Exercise Price	Exercise Date	Value	\$
Unlisted Options	<u>4,000,000</u>	\$0.20	31 May 2014	800,000	<u>361,818</u>
	<u>4,750,000</u>				<u>427,955</u>

NOTE 8: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

- (a) The Directors of the Company at the date of this Report are Michael Ralston, John Ciganek and Simon Mackinnon.
- (b) Directors' holdings of Shares, Options, Directors' remuneration and other Directors' interests are set out in Section 11.3 of the Prospectus.

NOTE 9: COMMITMENTS AND CONTINGENCIES

At the date of the Report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

The Company has budgeted \$1,195,000 for exploration expenditure in year 1 and \$1,505,000 in year 2, assuming full subscription to the Prospectus. However, it is at the Company's option as to whether the expenditure incurred.

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18 April 2011

Conto Resources Limited
Suite 2, Level 3 1292 Hay Street
WEST PERTH WA 6872

Dear Directors

SOLICITOR'S REPORT ON TENEMENTS

This Report is prepared for inclusion in a prospectus for the offer of 15,000,000 shares in the capital of Conto Resources Limited (**Company**) at an issue price of \$0.20 each in order to raise up to \$3,000,000 (**Prospectus**). The Company may also accept oversubscriptions for a further 5,000,000 shares in the capital of the Company to raise an additional \$1,000,000.

1. SCOPE

We have been requested to report on certain mining tenements in which the Company has an interest (the **Tenements**).

The Tenements are located in Western Australia. Details of the Tenements are set out in Schedule I of this Report.

2. SEARCHES

For the purposes of this Report, we have conducted searches and made enquiries in respect of all of the Tenements as follows.

- (a) We have obtained searches of the Tenements from the registers maintained by the Western Australian Department of Mines and Petroleum (**DMP**). These searches were conducted on 5 April 2011. Key details on the status of the Tenements are set out in Schedule I of the Schedule.
- (b) We have obtained and extracts (where applicable) of any registered native title claims, native title determinations and Indigenous Land Use

Agreements (**ILUAs**) that apply to the Tenements, as determined by the National Native Title Tribunal (**NNTT**). This material was obtained on 21 February 2011. Details of any native title claims, native title determinations and ILUAs are set out in Section 7 of this Report and Schedule II of this Report.

- (c) We have obtained searches from the online Aboriginal Heritage Enquiry System maintained by the Western Australian Department of Indigenous Affairs (**DIA**) for Aboriginal sites recorded in the Register of Aboriginal sites that overlap the Tenements. This material was obtained on 12 April 2011. No Aboriginal sites were identified as a result of our searches.
- (d) We have obtained from the DMP Tengraph Quick Appraisals of the Tenements on 23 February 2011.
- (e) We have reviewed all material agreements relating to the Tenements provided to us or registered as dealings against the Tenements as at the date of the DMP searches and have summarised the material terms (details of which are set out in Section 12 of the Prospectus).
- (f) We have obtained from Landgate on 11, 15 and 18 March 2011 title searches of real property titles underlying the Tenements (**Underlying Land**) and copies of leases registered over the Underlying Land.

3. OPINION

As a result of our searches and enquiries, but subject to the assumptions and qualifications set out in this Report, we are of the view that, as at the date of the relevant searches:

- (a) (**Company's Interest**): this Report provides an accurate statement as to the Company's interest in the Tenements;
- (b) (**Good Standing**): this Report provides an accurate statement as to the validity and good standing of the Tenements; and
- (c) (**Third party interests**): this Report provides an accurate statement as to third party interests, including encumbrances, in relation to the Tenements.

4. EXECUTIVE SUMMARY

Subject to the qualifications and assumptions in this Report, we consider the following to be material issues in relation to the Tenements:

- (a) (**Company's Interest**): The Company does not have a registered interest in the Tenements. It only has an equitable interest under an option and farm in agreement dated 16 February 2011 to earn up to an 80% interest.
- (b) (**Rent**): Rent currently due has been fully paid for the current tenement year for each Tenement. The rent for the tenement year ended 11 June 2012 for Prospecting Licence 37/7654 will be due and payable by 11 June 2011.
- (c) (**Expenditure**): The Company complied with its minimum expenditure commitments in full for the last tenement year for each Tenement. The

minimum expenditure commitment for Prospecting Licence P37/7654 is due to be met for tenement year ended 11 June 2011 within 60 days of that date. Schedule I of this Report provides details.

- (d) **(Conditions):** None of the Tenements are subject to unusual conditions of a material nature.
- (e) **(Third party interests):** There are no third party dealings registered against the Tenements as at the date of our search of the DMP Register.
- (f) **(Material Contracts):** The Company's interest in the Tenements arises pursuant to an option and farm in agreement dated 16 February 2011.
- (g) **(Native title):** A native title claim is registered against a number of the Tenements. Further details are provided in Schedules I and III of this Report.
- (h) **(Aboriginal Tenements):** There are no areas and objects of Aboriginal heritage registered on the Tenements.
- (i) **(Pastoral Lease and Crown Lease):** All the Tenements appear to overlap the Minara Pastoral Lease. Tenements PL37/7641, PL37/7642 and PL37/7654 overlap registered Crown lease L474846. Details of these interests are set out in section 8 of this Tenement Report. We are not aware of any agreements nor have we been provided with any agreements in relation to the Crown Lease and Pastoral Lease over the Tenements.

5. DESCRIPTION OF THE TENEMENTS

The Tenements comprise prospecting licences granted under the *Mining Act 1978* (WA) (**Mining Act**). Schedule I provides a list of the Tenements. The following provides a description of the nature and key terms of these types of mining tenements as set out in the Mining Act and potential successor tenements

5.1 Prospecting Licence

Application: A person may lodge an application for a prospecting licence in accordance with the Mining Act. The mining registrar or warden decides whether to grant an application for a prospecting licence. An application for a prospecting licence (unless a reversion application) cannot be legally transferred and continues in the name of the applicant.

Rights: The holder of a prospecting licence is entitled to enter the land and undertake operations for the purposes of prospecting for minerals.

Term: A prospecting licence has a term of 4 years. Where the prospecting licence was applied for and granted after 10 February 2006, the Minister may extend the term by 4 years and, if retention status is granted (as discussed below), by further term or terms of 4 years. Where a prospecting licence is transferred before a renewal application has been determined, the transferee is deemed to be the applicant.

Retention Status: The holder of a prospecting licence applied for and granted after 10 February 2006 may apply for approval of retention status for the prospecting licence. The Minister may approve the application where there is an identified mineral resource within the prospecting licence, but it is impractical to

mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years. However, the Minister has the right to impose a programme of works or require the holder to apply for a mining lease.

Conditions: Prospecting licences are granted subject to various standard conditions including conditions relating to minimum expenditure, the payment of rent and observance of environmental protection and reporting requirements. These standard conditions are not detailed in Schedule I of this Report. A failure to comply with these conditions may lead to forfeiture of the prospecting licence.

Priority to apply for a Mining Lease: The holder of a prospecting licence has priority to apply for a mining lease over any of the land subject to the prospecting licence. An application for a mining lease must be made prior to the expiry of the prospecting licence. The prospecting licence remains in force until the application for the mining lease is determined.

Transfer: There is no restriction on transfer or other dealing in a prospecting licence.

Reversion Application: The Mining Act allowed the holder of a prospecting licence who had applied for a mining lease before 10 February 2006 to lodge an application between 11 February 2006 and 10 February 2007 for an exploration licence or prospecting licence in lieu of the grant of the mining lease. The Mining Act provides that reversion applications are deemed to be transferred to a transferee of the underlying prospecting licence.

5.2 Mining Lease

Application: Any person may lodge an application for a mining lease, although a holder of a prospecting licence, exploration licence or retention licence over the relevant area has priority. The Minister decides whether to grant an application for a mining lease.

The application must be accompanied by either a mining proposal or a "mineralisation report" indicating there is significant mineralisation in the area over which a mining lease is sought. A mining lease accompanied by a "mineralisation report" will only be approved where the DMP considers that there is a reasonable prospect that the mineralisation identified will result in a mining operation.

Rights: The holder of a mining lease is entitled to enter the land and undertake operations for the purposes of mining and extracting minerals. The holder has exclusive rights to the land for mining purposes.

Term: A mining lease has a term of 21 years and may be renewed for successive periods of 21 years. Where a mining lease is transferred before a renewal application has been determined, the transferee is deemed to be the applicant.

Conditions: Mining leases are granted subject to various standard conditions, including conditions relating to expenditure, the payment of prescribed rent and royalties and observance of environmental protection and reporting requirements. Mining leases granted or applied for before 10 February 2006 are subject to a condition that a mining proposal is lodged and approved before mining operations commence. An unconditional performance bond may be required to secure performance of these obligations. A failure to comply with

these conditions may lead to forfeiture of the mining lease. These standard conditions are not detailed in the Schedule I of this Report.

Transfer: The consent of the Minister is required to transfer a mining lease.

6. ABORIGINAL HERITAGE

There may be areas or objects of Aboriginal heritage located on the Tenements.

We have obtained searches from the online Aboriginal Heritage Enquiry System maintained by the DIA for the Aboriginal sites registered on the Western Australian Register of Aboriginal sites over the Tenements. No Aboriginal sites were identified from our searches. However, there is no obligation under the relevant legislation to register sites or objects.

We have not obtained information from the Commonwealth in connection with any places, areas and objects, which are the registered or recognised in the National Heritage List, the Commonwealth Heritage List or other heritage lists or registers maintained by the Commonwealth.

We have not undertaken searches to ascertain if any Aboriginal sites or objects have been registered in the vicinity of the Tenements, as there is no obligation under the relevant legislation to register sites or objects. Furthermore, the exact location of Aboriginal sites cannot be ascertained from these searches.

The Company must ensure that it does not breach the Commonwealth and applicable State legislation relating to Aboriginal heritage as set out below. The Aboriginal heritage and access agreements that apply to the Tenements (as summarised in Section 4(f) are set out in Schedule II of this Report. To ensure that it does not contravene such legislation, it would be prudent for the Company (and it would accord with industry practice and Aboriginal expectations) to conduct heritage surveys to determine if any Aboriginal sites or objects exist within the area of the Tenements. Any interference with these sites or objects must be in strict conformity with the provisions of the relevant legislation. It may also be necessary for the Company to enter into separate arrangements with the traditional owners of the sites.

6.1 Commonwealth Legislation

The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (**Commonwealth Heritage Act**) is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on the Tenements.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

6.2 Western Australian Legislation

Tenements are granted subject to a condition requiring observance of the *Aboriginal Heritage Act 1972 (WA)* (**WA Heritage Act**).

The WA Heritage Act makes it an offence to alter or damage sacred ritual or ceremonial Aboriginal sites and areas of significance to Aboriginal persons (whether or not they are recorded on the register or otherwise known to the Registrar of Aboriginal Sites., DIA or the Aboriginal Cultural Material Committee).

The Minister's consent is required where any use of land is likely to result in the excavation, alteration or damage to an Aboriginal site or any objects on or under that site.

Aboriginal sites may be registered under the WA Heritage Act. However, there is no requirement for a site to be registered. The WA Heritage Act protects all registered and unregistered sites.

7. NATIVE TITLE

7.1 Introduction

This section of the Report examines the effect of native title on the Tenements.

The existence of native title rights held by indigenous Australians was first recognised in Australia in 1992 by the High Court in the case *Mabo v. Queensland (no.2) (1992) 175 CLR 1 (Mabo no.2)*.

Mabo no. 2 held that certain land tenure existing as at the date of that case, including mining tenements, were granted or renewed without due regard to native title rights, were invalid.

As a result of Mabo no. 2, the *Native Title Act 1993 (Cth) (NTA)* was passed to:

- (a) provide a process for indigenous people to lodge claims for native title rights over land, for those claims to be registered by the National Native Title Tribunal (**NNTT**) and for the Courts to assess native title claims and determine if native title rights exist. Where a Court completes the assessment of a native title claim, it will issue a native title determination that specifies whether or not native title rights exist;
- (b) provide (together with associated State legislation) that any land tenures granted or renewed before 1 January 1994 were valid despite Mabo no. 2. This retrospective validation of land tenure was subsequently extended by the NTA to include freehold and certain leasehold (including pastoral leases) granted or renewed before 23 December 1996; and
- (c) provide that an act that may affect native title rights (such as the grant or renewal of a mining tenement) carried out after 23 December 1996 (a **Future Act**) must comply with certain requirements for the Future Act to be valid under the NTA. These requirements are called the **Future Act Provisions**.

7.2 Future Act Provisions

The Future Act Provisions vary depending on the Future Act to be carried out. In the case of the grant of a mining tenement, typically there are three alternatives: the Right to Negotiate, an Indigenous Land Use Agreement (**ILUA**) and the Expedited Procedure. These are summarised below.

Right to Negotiate

The Right to Negotiate involves a formal negotiation between the State, the applicant for the Tenement and any registered native title claimants and holders of native title rights. The aim is to agree the terms on which the Tenement can be granted. The applicant for the Tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title. The parties may also agree on conditions that will apply to activities carried out on the Tenement (eg in relation to heritage surveys).

If agreement is not reached to enable the Tenement to be granted, the matter may be referred to arbitration before the NNTT, which has six (6) months to decide whether the Tenement can be granted and if so, on what conditions. The NNTT usually requires the parties to have had at least 6 months of negotiations before it will accept a referral for arbitration.

ILUA

An ILUA is a contractual arrangement governed by the NTA. Under the NTA, an ILUA must be negotiated with all registered native title claimants for a relevant area. The State and the applicant for the Tenement are usually the other parties to the ILUA.

An ILUA must set out the terms on which a tenement can be granted. An ILUA will also specify conditions on which activities may be carried out within the tenement. The applicant for a tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title in return for the grant of the Tenement being approved. These obligations pass to a transferee of the tenement.

Once an ILUA is agreed and registered, it binds the whole native title claimant group and all holders of native title in the area (including future claimants), even though they may not be parties to it.

Expedited Procedure

The NTA establishes a simplified process for the carrying out of a Future Act that is unlikely to adversely affect native title rights (**Expedited Procedure**). The grant of a tenement can occur under the Expedited Procedure if:

- (a) the grant will not interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land;
- (b) the grant is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of native title in relation to the land; and
- (c) the grant is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.

If the State considers the above criteria are satisfied, it commences the Expedited Procedure by giving notice of the proposed grant of the Tenement in accordance with the NTA. Persons have until three (3) months after the notification date to take steps to become a registered native title claimant or native title holder in relation to the land to be subject to the Tenement.

If there is no objection lodged by a registered native title claimant or a native title holder within four (4) months of the notification date, the State may grant the Tenement.

If one or more registered native title claimants or native title holders object within that four (4) month notice period, the NNTT must determine whether the grant is an act attracting the Expedited Procedure. If the NNTT determines that the Expedited Procedure applies, the State may grant the Tenement. Otherwise, the Future Act Provisions (eg Right to Negotiate or ILUA) must be followed before the Tenement can be granted.

The State of Western Australia currently follows a policy of granting prospecting and exploration licenses under the Expedited Procedure where the applicant has entered into a standard aboriginal heritage agreement with the relevant registered native title claimants and native title holders. The standard heritage agreement (and ancillary agreements) usually provide for payment of compensation by the applicant for the tenement and conditions that apply to activities carried out within the tenement.

Exception to requirement to comply with Future Act Provisions

The grant of a Tenement does not need to comply with the Future Act Provisions if in fact native title has never existed over the land covered by the Tenement, or has been validly extinguished prior to the grant of the Tenement. We have not undertaken the extensive research needed to determine if in fact native title does not exist, or has been validly extinguished in relation to the Tenements.

Unless it is clear that native title does not exist (eg in relation to freehold land), the usual practice of the State is to comply with the Future Act Provisions when granting a Tenement. This ensures the grant will be valid in the event a court determines that native title rights do exist over the land subject to the Tenement and as such, the Future Act Provisions apply.

Where a Tenement has been retrospectively validated or validly granted under the NTA, the rights under the Tenement prevail over any inconsistent native title rights.

Application to the Tenements

The following sections of the Report identify:

- (a) any native title claims, native title determinations and ILUAs that are registered against the Tenements (see Section 7.3);
- (b) any Tenements which have been retrospectively validated under the NTA as being granted before 23 December 1996 (see Section 7.4);
- (c) any Tenements which have been granted after 23 December 1996 and as such will need to have been granted following compliance with the Future Act Provisions to be valid under the NTA. This Report assumes that the Future Act Provisions have been complied with in relation to these Tenements (see Section 7.4); and
- (d) any Tenements which are yet to be granted and as such may need to be granted in compliance with the Future Act Provisions in order to be valid under the NTA (see Section 7.4).

7.3 Registered Native Title Claims and Determinations and ILUAs

Our searches indicate that the Tenements are subject to the following registered native title claims and determinations.

Tenement	Native Title Claim	Native Title Determination	ILUA
P37/7635 - P37/7637 (inclusive)	none	none	none
P37/7638 - P37/7642 (inclusive)	WC10/18	none	none
P37/7654	WC10/18	none	none

The status of any native title claims, native title determinations and ILUAs is summarised in Schedule II of this Report.

Native title claimants, holders of native title under the determinations and native title parties under ILUAs are entitled to certain rights under the Future Act Provisions.

7.4 Validity of Tenements under the NTA

The sections below examine the validity of the Tenements under the NTA.

Tenements granted before 23 December 1996

Our searches indicate that none of the Tenements were granted:

- (a) before 1 January 1994; or
- (b) after 1 January 1994 but before 23 December 1996.

Tenements granted after 23 December 1996

Our searches indicate that the following Tenements were granted after 23 December 1996.

Tenement	Date of Grant
P37/7635 - P37/7642 (inclusive)	06/02/2009
P37/7654	12/06/2009

We have assumed that these Tenements were granted in accordance with the Future Act Provisions and as such are valid under the NTA.

Tenements renewed after 23 December 1996

Renewals of mining tenements made after 23 December 1996 must comply with the Future Act Provisions in order to be valid under the NTA.

An exception is where the renewal is the first renewal of a mining tenement that was validly granted before 23 December 1996 and the following criteria are satisfied:

- (a) the area to which the mining tenement applies is not extended;
- (b) the term of the renewed mining tenement is not longer than the term of the old mining tenement; and
- (c) the rights to be created are not greater than the rights conferred by the old mining tenement.

In such cases, the mining tenement can be renewed without complying with the Future Act Provisions. It is currently uncertain whether this exemption applies to a second or subsequent renewal of such a mining tenement.

Our searches indicate that none of the Tenements were renewed after 23 December 1996.

Renewals of Tenements in the future will need to comply with the Future Act Provisions in order to be valid under the NTA. The registered native title claimants and holders of native title identified in Section 7.3 of this Report will need to be involved as appropriate under the Future Act Provisions.

8. ACCESS ISSUES

8.1 Pastoral lease

Pastoral lease 3114/1268 (also known as the Minara Pastoral Lease), which commenced on 10 June 1992 and expires on 30 June 2015 (**Minara Pastoral Lease**), overlies the Tenements.

The lessee of the Minara Pastoral Lease is Minara Pastoral Holdings Pty Ltd (previously known as Anaconda Pastoral Holdings Pty Ltd). The Minara Pastoral Lease currently comprises Lot 328 on Deposited Plan 42628 being the whole of the land comprised in Certificate of Crown Land Title Volume LR3128 Folio 665.

The Mining Act:

- (a) prohibits the carrying out of mining activities on or near certain improvements and other features (such as livestock and crops) on Crown land (which includes a pastoral lease) without the consent of the lessee;
- (b) imposes certain restrictions on a mining tenement holder passing through Crown land, including requiring that all necessary steps are taken to notify the occupier of any intention to pass over the Crown land and that all necessary steps are taken to prevent damage to improvements and livestock; and
- (c) provides that the holder of a mining tenement must pay compensation to an occupier of Crown land (ie the pastoral lessee) in certain circumstances, in particular to make good any damage to improvements, and for any loss suffered by the occupier from that damage or for any substantial loss of earnings suffered by the occupier as a result of, or arising from, any exploration or mining activities, including the passing and re-passing over any land.

We have been advised by the tenement manager responsible for the Tenements that, as at 17 March 2011, there is no agreement in place with Minara Pastoral Holdings Pty Ltd, the pastoral lease holder for the Minara Pastoral Lease.

We have been advised by the Company and the Company has confirmed that to the best of its knowledge it is not aware of any improvements and other features on the Leased Land which overlaps the Tenements which would require the Company to obtain the consent of the occupier or lease holder or prevent the Company from undertaking its proposed mining activities on the Tenements.

The Company should consider entering into a compensation and access agreement with Minara Pastoral Holdings Pty Ltd in relation to the Minara Pastoral Lease to ensure the requirements of the Mining Act are satisfied and to avoid any disputes arising. In the absence of agreement, the Warden's Court determines compensation payable.

The DMP imposes standard conditions on mining tenements that overlay pastoral leases. It appears the Tenements incorporate the standard conditions.

8.2 Reserves and other interests

Our enquiries indicate that Tenements P37/7641, P37/7642 and P37/7654 overlap, to varying degrees, Crown reserve 6259 (reserve for the purpose of common) which is comprised in Lot 40 on Deposited Plan 91415 being the whole of the land comprised in Qualified Certificate of Crown Land Title Volume LR 3069 and Folio 568 (**Crown Reserve**).

Minara Pastoral Holdings Pty Ltd, the holder of the Minara Pastoral Lease, also holds a lease over the Crown Reserve, being Lease J474846 granted for the purpose of grazing, and which commenced on 1 January 2011 and expires on 30 June 2015 (**Grazing Lease**).

Mining activities on the Crown Reserve and the Grazing Lease are subject to the same restrictions summarised above in relation to pastoral leases.

We are advised by the tenement manager for the Tenements that, as at 17 March 2011, there are no agreements in place with Minara Pastoral Holdings Pty Ltd in relation to the Grazing Lease.

The Company should consider entering into a compensation and access agreement with Minara Pastoral Holdings Pty Ltd in relation to the Grazing Lease to ensure the requirements of the Mining Act are satisfied and to avoid any disputes arising. In the absence of agreement, the Warden's Court determines compensation payable.

9. MATERIAL CONTRACTS

9.1 Overview

We have reviewed all material agreements relating to the Tenements provided to us. There are no agreements registered as dealings against the Tenements as at the date of our DMP searches.

We have been provided with one agreement that applies to the Tenements, namely, a farm-in and option agreement dated 16 February 2011 made

between the Company and Sammy Resources Pty Ltd (**Sammy Resources**), a wholly owned subsidiary of Cazaly Resources Limited.

On 17 March 2011, we received confirmation from Shannon McMahon of McMahon Mining Title Services Pty Ltd, being the tenement manager for the Tenements, that there were no agreements in place with Minara Pastoral Holdings Pty Ltd (the holder of the Minara Pastoral Lease and the Grazing Lease) or any native title or heritage agreements.

We have summarised the material terms of this agreement in Section 12 of the Prospectus. We draw your attention to the following matters arising from our review.

9.2 Farm-in and option agreement

Pursuant to the Option and Farmin Agreement (**Agreement**), the Company has the right to earn an initial 80% interest in the Tenements owned by Sammy Resources situated in the Cardinia Bore Project.

The Company has agreed to pay Sammy Resources a non-refundable amount of \$10,000 (GST inclusive) for the exclusive right to enter on to the Tenements to prospect and explore for all minerals upon execution of the Agreement. This amount is not included in the Company's minimum expenditure commitment set out below at paragraph (a).

In order to earn an initial 80% interest in the Tenements, the Company must meet the following commitments:

- (a) complete a minimum of 1,000 metres of RC drilling within 2 years of the Company listing on the ASX;
- (b) pay \$25,000 in cash (GST exclusive) to Sammy Resources upon obtaining conditional approval to list on the ASX; and
- (c) issue \$80,000 in Shares (at a price of \$0.20 per Share), being 400,000 Shares, to Sammy Resources upon obtaining conditional approval to list on the ASX.

Upon the Company obtaining the initial 80% interest in the Tenements, Sammy Resources' remaining 20% interest in the Tenements will be free-carried by the Company through to the completion of a Bankable Feasibility Study.

The Agreement is conditional, amongst other matters, upon the consent of the Minister of Mines in Western Australia (if required) and the Company obtaining admission of the Company's Shares to the Official List of the ASX.

In the event that the Company does not obtain admission of the Company's Shares to the Official List of the ASX and issue 400,000 Shares to Sammy by 14 June 2011, the Agreement will be terminated and the Company will be deemed to have withdrawn from the Project.

10. QUALIFICATIONS AND ASSUMPTIONS

This Report is subject to the following qualifications and assumptions:

- (a) we have assumed the accuracy and completeness of all Tenement searches, register extracts and other information or responses which

were obtained from the relevant department or authority including the NNTT;

- (b) we assume that the registered holder of a Tenement has valid legal title to the Tenement;
- (c) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from our searches and the information provided to us;
- (d) we have assumed that any agreements provided to us in relation to the Tenements are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them;
- (e) with respect to the granting of the Tenements, we have assumed that the State and the applicant for the Tenements have complied with, or will comply with, the applicable Future Act Provisions;
- (f) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;
- (g) unless apparent from our searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain a Tenement in good standing;
- (h) with respect to the application for the grant of a Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;
- (i) references in the Schedule to any area of land are taken from details shown on searches obtained from the relevant department. It is not possible to verify the accuracy of those areas without conducting a survey;
- (j) the information in the Schedule is accurate as at the date the relevant searches were obtained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of the searches and the date of the Prospectus;
- (k) where Ministerial consent is required in relation to the transfer of any Tenement, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we are not aware of any matter which would cause consent to be refused;
- (l) we have not conducted searches of the Database of Contaminated Sites maintained by the Department of the Environment and Conservation;
- (m) native title may exist in the areas covered by the Tenements. Whilst we have conducted searches to ascertain that native title claims and determinations, if any, have been lodged in the Federal Court in relation to the areas covered by the Tenements, we have not conducted any research on the likely existence or non-existence of native title rights and

interests in respect of those areas. Further, the NTA contains no sunset provisions and it is possible that native title claims could be made in the future; and

- (n) Aboriginal heritage sites or objects (as defined in the WA Heritage Act or under the Commonwealth Heritage Act) may exist in the areas covered by the Tenements regardless of whether or not that site has been entered on the Register of Aboriginal Sites established by the WA Heritage Act or is the subject of a declaration under the Commonwealth Heritage Act. We have not conducted any legal, historical, anthropological or ethnographic research regarding the existence or likely existence of any such Aboriginal heritage sites or objects within the area of the Tenements.

11. CONSENT

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully


STEINPREIS PAGANIN

SCHEDULE I

TENEMENT SCHEDULE

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	MINERAL FIELD	GRANT DATE	EXPIRY DATE	CURRENT AREA SIZE (HA)	ANNUAL RENT	MINIMUM ANNUAL EXPENDITURE	REGISTERED DEALINGS	BONDS	NOTES
P37/7635	Sammy Resources Pty Ltd	100/100	Mt Margaret	06/02/2009	05/02/2013	158	Paid in full to Tenement Yr End 05/02/2012 Next Tenement Yr rent - \$364.98 due by 05/02/2012	Previous Tenement Yr to 05/02/2011 - Expenditure in full Current Tenement Yr (05/02/2012) -\$6,320.00 Commitment	None	None	1, 2, 4
P37/7636	Sammy Resources Pty Ltd	100/100	Mt Margaret	06/02/2009	05/02/2013	150	Paid in full to Tenement Yr End 05/02/2012 Next Tenement Yr rent - \$364.50 due by 05/02/2012	Previous Tenement Yr to 05/02/2011 - Expenditure in full Current Tenement Yr (05/02/2012) -\$6,000.00 Commitment	None	None	1, 2, 4
P37/7637	Sammy Resources Pty Ltd	100/100	Mt Margaret	06/02/2009	05/02/2013	165	Paid in full to Tenement Yr End 05/02/2012 Next Tenement Yr rent - \$381.15 due by 05/02/2012	Previous Tenement Yr to 05/02/2011 - Expenditure in full Current Tenement Yr (05/02/2012) -\$6,600.00 Commitment	None	None	1, 2, 4
P37/7638	Sammy Resources Pty Ltd	100/100	Mt Margaret	06/02/2009	05/02/2013	182	Paid in full to Tenement Yr End 05/02/2012 Next Tenement Yr rent - \$420.42 due by 05/02/2012	Previous Tenement Yr to 05/02/2011 - Expenditure in full Current Tenement Yr (05/02/2012) -\$7,280.00 Commitment	None	None	1, 2, 4

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	MINERAL FIELD	GRANT DATE	EXPIRY DATE	CURRENT AREA SIZE (HA)	ANNUAL RENT	MINIMUM ANNUAL EXPENDITURE	REGISTERED DEALINGS	BONDS	NOTES
P37/7639	Sammy Resources Pty Ltd	100/100	Mt Margaret	06/02/2009	05/02/2013	200	Paid in full to Tenement Yr End 05/02/2012 Next Tenement Yr rent - \$462.00 due by 05/02/2012	Previous Tenement Yr to 05/02/2011 - Expended in full Current Tenement Yr (05/02/2012) -\$8,000.00 Commitment	None	None	1, 2, 4
P37/7640	Sammy Resources Pty Ltd	100/100	Mt Margaret	06/02/2009	05/02/2013	142	Paid in full to Tenement Yr End 05/02/2012 Next Tenement Yr rent - \$328.02 due by 05/02/2012	Previous Tenement Yr to 05/02/2011 - Expended in full Current Tenement Yr (05/02/2012) -\$5,680.00 Commitment	None	None	1, 2, 4
P/37/7641	Sammy Resources Pty Ltd	100/100	Mt Margaret	06/02/2009	05/02/2013	91	Paid in full to Tenement Yr End 05/02/2012 Next Tenement Yr rent - \$210.21 due by 05/02/2012	Previous Tenement Yr to 05/02/2011 - Expended in full Current Tenement Yr (05/02/2012) -\$3,640.00 Commitment	None	None	1, 2, 3
P37/7642	Sammy Resources Pty Ltd	100/100	Mt Margaret	06/02/2009	05/02/2013	90	Paid in full to Tenement Yr End 05/02/2012 Next Tenement Yr rent - \$207.90 due by 05/02/2012	Previous Tenement Yr to 05/02/2011 - Expended in full Current Tenement Yr (05/02/2012) -\$3,600.00 Commitment	None	None	1, 3, 4
P37/7654	Sammy Resources Pty Ltd	100/100	Mt Margaret	12/06/2009	11/06/2013	131	Paid in full to Tenement Yr End 11/06/2011 Next Tenement Yr rent - \$302.61 due by 11/06/2011	Previous Tenement Yr to 11/06/2010 - Expended in full Current Tenement Yr (11/06/2011) -\$5,240.00 Commitment	None	None	1, 3, 4

Key to Tenement Schedule

P - Prospecting Licence

Unless otherwise indicated, capitalised terms have the same meaning given to them in the (admission document).

References to numbers in the "Notes" column refers to the notes following this table.

Notes:

1. The following additional conditions shall apply being those standard conditions under the Mining Act for a lease (other than a mining lease) over pastoral lease land except for note 1.7 which is specific to the area in which the Tenements are located:
 - 1.1 All surface holes drilled for the purpose of exploration are to be capped, filled or otherwise made safe immediately after completion.
 - 1.2 All costeans and other disturbances to the surface of the land made as a result of exploration, including drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, Department of Mines and Petroleum (DMP). Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DMP.
 - 1.3 All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration program.
 - 1.4 Unless the written approval of the Environmental Officer, DMP is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
 - 1.5 The Licensee notifying the holder of any underlying pastoral or grazing lease by telephone or in person, or by registered post if contact cannot be made, prior to undertaking airborne geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs; water carting equipment or other mechanised equipment.
 - 1.6 The Licensee or transferee, as the case may be, shall within thirty (30) days of receiving written notification of:
 - (a) the grant of the Licence; or
 - (b) registration of a transfer introducing a new Licensee,advise, by registered post, the holder of any underlying pastoral or grazing lease details of the grant or transfer.

In respect to the area outlined in "red" and designated FNA 7836 in TENGRAPH (former Wongatha native title claim WC99/01) the following condition shall apply:

- 1.7 If the Goldfields Land and Sea Council (GLSC) sends a request by pre-paid post to the Licensee's address within 90 days after the grant of the License, the Licensee shall within 30 days of the request execute in favour of the GLSC the revised GLSC Wongatha Interim Standard Heritage Agreement.

On 17 March 2011, we received confirmation from Shannon McMahon of McMahon Mining Title Services Pty Ltd, being the tenement manager for the Tenements, that there were no agreements in place with any native title holders.

As 90 days has expired from the date of grant of the Tenements, the condition to enter into the GLSC Wongatha Interim Standard Heritage Agreement is no longer applicable.
2. The Tengraph searches indicate these tenements overlap Pastoral Lease 3114/1268 (Minara) and historical lease 395/489. The historical lease 395/489 has been superseded by Pastoral Lease 3114/1268 (Minara).
3. The Tengraph searches indicate these tenements overlap Reserve Lease L961335.
4. The Tengraph searches indicate that all the tenements are subject to FNA/7836 which indicates that the tenements fall within former Wongatha native title claim WC99/01 Area.

SCHEDULE II

SUMMARY OF NATIVE TITLE CLAIMS, NATIVE TITLE DETERMINATIONS, ILUAs, HERITAGE & COMPENSATION AGREEMENTS AND ABORIGINAL HERITAGE SITES

TENEMENT	REGISTERED HOLDER / APPLICANT	NATIVE TITLE CLAIMS / DETERMINATIONS	ILUAs	HERITAGE & COMPENSATION AGREEMENTS	REGISTERED ABORIGINAL HERITAGE SITES
P37/7635	Sammy Resources Pty Ltd	No overlaps	No overlaps	None	None registered
P37/7636	Sammy Resources Pty Ltd	No overlaps	No overlaps	None	None registered
P37/7637	Sammy Resources Pty Ltd	No overlaps	No overlaps	None	None registered
P37/7638	Sammy Resources Pty Ltd	Kurrku Claim NNTT No: WC10/18 Fed Ct No: WAD385/10	No overlaps	None	None registered
P37/7639	Sammy Resources Pty Ltd	Kurrku Claim NNTT No: WC10/18 Fed Ct No: WAD385/10	No overlaps	None	None registered
P37/7640	Sammy Resources Pty Ltd	Kurrku Claim NNTT No: WC10/18 Fed Ct No: WAD385/10	No overlaps	None	None registered
P/37/7641	Sammy Resources Pty Ltd	Kurrku Claim NNTT No: WC10/18 Fed Ct No: WAD385/10	No overlaps	None	None registered
P37/7642	Sammy Resources Pty Ltd	Kurrku Claim NNTT No: WC10/18 Fed Ct No: WAD385/10	No overlaps	None	None registered
P37/7654	Sammy Resources Pty Ltd	Kurrku Claim NNTT No: WC10/18 Fed Ct No: WAD385/10	No overlaps	None	None registered

All of the native title claims listed in the Schedule have been accepted and entered on the Register of Native Title Claims. Please refer to Schedule II of this Report for the status of the native title claims.

The Tengraph searches indicated that all the Tenements are overlapped by former Wongatha native title claim (NNTT No:99/01) which is designated FNA 7836 in Tengraph. It is a condition imposed on the mining title of the Tenements that if requested in writing by the Goldfields Land and Sea Council (**GLSC**) within 90 days after the grant of the License, the registered holder of the tenement must enter into the revised GLSC Wongatha Interim Standard Heritage Agreement. On 17 March 2011, we received confirmation from Shannon McMahon of McMahon Mining Title Services Pty Ltd, being the tenement manager for the Tenements, that there were no agreements in place with any native title holders. As 90 days has expired from the date of grant of the Tenements, the condition to enter into the GLSC Wongatha Interim Standard Heritage Agreement is no longer applicable.

STATUS OF NATIVE TITLE CLAIMS AND NATIVE TITLE DETERMINATIONS

TRIBUNAL NUMBER	FEDERAL COURT NUMBER	APPLICATION NAME	REGISTERED	IN MEDIATION	STATUS
WC10/18	WAD385/10	Kurrku Claim	Registered	No	Next stage is notification. Notification has not occurred as at 28 February 2011 according to case manager advice

11. RISK FACTORS

11.1 General

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

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

11.2 Option and Farmin Agreement

The Company's primary asset is its conditional right to acquire an 80% interest in the Cardinia Bore Project held pursuant to the Option and Farmin Agreement with Sammy Resources.

The Company's right to acquire an 80% interest in the Tenements is conditional on the Company:

- (a) paying Sammy Resources \$25,000 in cash and issuing Sammy Resources with \$80,000 worth of Shares (at a deemed price of \$0.20 per Share) once the Company has obtained conditional ASX approval to list; and
- (b) completing at least 1000m of RC drilling on the Tenements within 2 years of the Company listing on the ASX.

The Option and Farmin Agreement provides that if the Company fails to satisfy condition (a) above and list on the ASX by 14 June 2011, the Company will be deemed to have withdrawn from the Option and Farmin Agreement. While the Company anticipates listing before this date, it cannot guarantee that this will occur.

If the Company fails to satisfy condition (b) above, the Option and Farmin Agreement will terminate and the Company will lose all its rights to acquire an interest in the Tenements. The Company's proposed exploration program is designed to meet this condition but future events may prevent this condition being satisfied.

The Company is reliant on Sammy Resources complying with the terms and conditions of the Option and Farmin Agreement. Should Sammy Resources fail to comply with the terms of the Option and Farmin Agreement, the Company's interest in the Cardinia Bore Project may be adversely affected.

11.3 Minimum Expenditure Commitments

Each Tenement is subject to minimum expenditure commitments which the Company must satisfy under the terms of the Option and Farmin Agreement. If the Company fails to meet its minimum expenditure commitments on the Tenements within the specified periods, the applicable Tenement may be forfeited in whole or in part, and the Company will be in breach of the Option and Farmin Agreement, which may entitle Sammy Resources to terminate the agreement.

11.4 Title and Native Title Risk

The Cardinia Bore Project comprises 9 prospecting licences. Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. The Tenements are subject to the *Mining Act 1978* (WA).

Although the Company has investigated title to all of the Tenements (as detailed in the Solicitor's Report on Tenements in Section 10 of this Prospectus), the Company cannot give any assurance that title to the Tenements will not be challenged or impugned. The Tenements may be subject to prior unregistered agreements or transfers or title may be affected by undetected defects.

The Tenements are governed by legislation relating to grant, renewal and forfeiture. There is no guarantee that current or future applications, conversions or renewals of tenure will be approved.

The Tenements will be subject to a number of specific legislative conditions including payment of rent and meeting minimum annual expenditure commitments. The inability to meet these conditions in relation to the Tenements could affect the standing of Tenements or restrict its ability to be renewed, adversely affecting the operations, financial position and performance of the Company.

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

Further to this, it is possible that an Indigenous Land Use Agreement (**ILUA**) may be registered against one or more of the Tenements in which the Company has an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company.

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

11.5 Exploration Success

Mining exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation the Company brings to an exploration of the Tenements, there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

The exploration costs of the Company will be based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the

underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

11.6 Operating Risks

The operations of the Company in relation to any Tenements may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of any Tenements.

11.7 Resource Estimates

The Tenements do not currently contain any JORC compliant mineral resources. Should a JORC compliant mineral resource be delineated in the future, any resource estimate will be an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

11.8 Commodity and Currency Volatility

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and currency exchange rate risks, in particular the global price of gold.

Commodity prices inherently fluctuate and are affected by numerous factors beyond the control of the Company, including world demand for particular commodities, forward selling by producers and the level of production costs in major commodity producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, a commodity.

Commodities are principally sold throughout the world in US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar and/or adverse movements in commodity prices (in particular gold), could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures where deemed necessary by the board of directors to mitigate such risks.

11.9 Additional Requirements for Capital

The funds raised under the Offer are considered sufficient to meet the exploration and evaluation objectives of the Company. However, additional funding may be required in the event exploration costs exceed the Company's estimates.

In addition, to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur, additional financing will be required.

There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, including the Company scaling back its exploration programmes. This may prevent the Company satisfying the condition of the Option and Farming Agreement to complete at least 1000m of RC drilling within 2 years of the Company listing on the ASX.

11.10 Pastoral Lease and Registered Lease Land

The Tenements overlap a pastoral lease and registered Crown leases (**Leased Land**). Accordingly, exploration and mining operations on the Tenements within the area of the Leased Land is subject to additional obligations and requirements under the Mining Act including:

- (a) a prohibition of the carrying out of mining activities on or near improvements and other features (such as livestock and crops) on the land without the consent of the occupier or lease holder;
- (b) restrictions on a mining tenement holder passing over the land, such as the requirement to notify the lease holder an intention to over the land and to take all necessary steps to prevent damage to improvements and other features (such as livestock and crops); and
- (c) a requirement for the mining tenement holder to pay compensation to the lease holder or occupier of the lease land in certain circumstances, including for damage to improvements, and for any substantial loss of earnings suffered by the occupier or lease holder of the leased land from any exploration or mining activities, including the passing and re-passing over land.

The mining tenement holder may enter into a compensation or access agreement with the occupier or lease holder of the leased land to manage and meet the mining tenements holder's obligations and requirements under the Mining Act in relation to the overlapping leased land.

Details of these Mining Act obligations and requirements are set out in the Solicitor's Report at Section 11 of this Prospectus.

Sammy Resources does not appear to have any compensation or access agreements in place with the lease holders of the Leased Land which would ensure the requirements of the Mining Act are satisfied and may avoid disputes arising. In the absence of an agreement with the underlying land holders of the leased land, the Warden's Court determines disputes as to compensation. The

determination of a dispute or compensation payable may cause delays to mining operations and unforeseen expenses for the Company.

11.11 Changes in Government Policy

Adverse changes in Federal or Western Australian government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Western Australia may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation. In addition, there is a possibility that the Company's agreements with governments or joint venture partners may be unenforceable against such parties.

11.12 Regulatory Approvals

Regulatory approvals are required prior to any work being undertaken on the ground. The granting of such approvals may take time to achieve and no guarantees can be given that the approvals will be granted in the required timeframe or at all.

11.13 Environmental Risks

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

11.14 Insurance Risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

11.15 Competition Risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

11.16 Economic Risks

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

11.17 Market Conditions

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

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

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

11.18 Reliance on Key Personnel

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

11.19 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. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

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

12. MATERIAL CONTRACTS

12.1 Option and Farm in Agreement – Cardinia Bore Project

On 16 February 2011, the Company and Sammy Resources Pty Ltd (**Sammy Resources**) entered into an Option and Farm in Agreement (**Option and Farm in Agreement**) under which the Company has the right to earn an initial 80% interest in the Tenements comprising the Cardinia Bore Project.

The Company has paid Sammy Resources a non-refundable amount of \$10,000 (GST inclusive) for the exclusive right to enter on to the Project to prospect and explore for all minerals.

In order to earn the initial 80% interest in the Tenements, the Company must meet the following commitments:

- (d) completing a minimum of 1,000 metres of RC drilling within 2 years of the Company listing on the ASX (**Minimum Expenditure Commitment**);
- (e) payment of \$25,000 in cash (GST exclusive) to Sammy Resources upon obtaining conditional approval to list on the ASX; and
- (f) issuing \$80,000 in Shares (at a deemed issue price of \$0.20 per Share) (that is 400,000 Shares) to Sammy Resources upon obtaining conditional approval to list on the ASX.

If the Company fails to satisfy condition (a) above, the Option and Farm in Agreement will terminate and the Company will lose all its rights to acquire an interest in the Tenements.

The Option and Farm in Agreement provides that if the Company fails to satisfy conditions (b) and (c) above and list on the ASX by 14 June 2011, the Company will be deemed to have withdrawn from the Option and Farm in Agreement.

From the date of the Option and Farm in Agreement, the Company must:

- (a) ensure it meets the specific legislative conditions applying to the Tenements pursuant to the Mining Act including payment of rent and meeting minimum annual expenditure commitments; and
- (b) undertake the exploration of the Cardinia Bore Project in a professional manner and meet all requirements beholden on a tenement holder within the State of Western Australia.

Upon the Company obtaining the initial 80% interest in the Tenements, Sammy Resources 20% interest in the Tenements will be free-carried through to the completion of a Bankable Feasibility Study.

The Company may withdraw from the Option and Farm in Agreement by giving 30 days written notice to Sammy Resources.

The Option and Farm in Agreement is conditional on the consent of the Minister of Mines in Western Australia (if required).

12.2 Directors' Deeds of Indemnity

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting in the capacity as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the Director and must also allow the Directors to inspect Company documents in certain circumstances.

12.3 Company Secretary Agreement

On 17 February 2011, the Company entered into a corporate mandate with Blue Horse Corporate Pty Ltd (**Blue Horse**) for the provision of a company secretary accounting and financial reporting services, and associated business services by Blue Horse (and its nominee Company Secretary, being Tanya Woolley) to the Company.

Commencing on the date the Company is listed on the ASX, there is an annual fixed fee of \$115,000 (GST exclusive) plus disbursements for the services provided by Blue Horse, which is paid monthly and reviewed annually.

The minimum term of the Blue Horse Agreement is 24 months unless otherwise agreed. The Blue Horse Agreement may be terminated by either party three months written notice or immediately upon a material breach, gross negligence or wilful recklessness by either party.

The Company is required to take out and maintain public liability, professional indemnity and workers compensation insurance for the company secretary provided by Blue Horse.

12.4 Lead Manager Mandate

On 16 February 2011, the Company entered into a corporate mandate with Otsana Capital to act as lead manager and financial arranger to the Company with respect to the Offer.

The Company has agreed to pay Otsana Capital the following:

- (a) a fixed arranging fee equal to \$20,000 for all funds raised pursuant to the Offer;
- (b) 5% of all funds raised by Otsana Capital pursuant to the Offer (with Otsana Capital being responsible for passing on commissions to other brokers that assist with the raising the funds); and
- (c) the issue of 4,000,000 Options exercisable at \$0.20 on or before 31 May 2014 (of which 2,000,000 Options will be allocated to other brokers that assist with raising funds under the Offer) (together the **Fee**).

The Company will pay to brokers introduced by Otsana Capital a commission fee equal to 4% of the funds raised.

The corporate mandate may be terminated by either party at any time upon written advice to that effect to the other provided:

- (a) any outstanding fees and reimbursement for any expenses accrued will all become immediately due and payable; and
- (b) in the event of termination by the Company (unless such termination results from a gross failure by Otsana Capital to perform its obligations under the corporate mandate), Otsana Capital will be entitled to the Fee paid in full if, at any time within 12 month following such termination, a completion date occurs with respect to any financial proposal in existence during the course of this Offer (whether or not a complete or binding proposal at that time).

Subject to Otsana Capital complying with the terms of its corporate mandate, the Company has agreed to offer Otsana Capital a role as financial arranger in relation to any further equity raisings undertaken by the Company within 24 months of completion of the Offer.

12.5 Corporate Mandate

On 11 April 2011, the Company entered into a corporate mandate with Otsana Capital to assist the Company with the following:

- (a) review potential opportunity to acquire, or farm into, new assets in the resource sector particularly focused on coal, potash, iron ore, copper and gold: **(Transaction)**;
- (b) corporate advisory services to the Company in respect of any transaction and assistance in relation to the management of a Transaction;
- (c) provision of advice relating to a Transaction and associated matters with respect to the acquisition of a project contemplated by the Company; and
- (d) if required by the Company, assist with arranging additional working capital.

If the Company proceeds with a Transaction, it has agreed to pay Otsana Capital a success fee based on arm's length negotiations at the time, and will reimburse Otsana Capital with any reasonable expenses it has incurred to date in respect of assembling the portfolio of mineral properties that is transacted by the Company as a result of Otsana Capital's introduction, including fees for technical experts or other agents, government fees and charges, travelling expenses and accommodation.

The corporate mandate will expire on 30 June 2012 (unless terminated earlier). It may be terminated by the Company by providing one month's written notice.

13. ADDITIONAL INFORMATION

13.1 Rights Attaching to Shares

Full details of the rights attaching to Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

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

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share.

(c) Dividend Rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividends, the Directors may declare a dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by the ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) **Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

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

13.2 **Option Terms**

The Company has agreed at a general meeting held on 1 April 2011 to issue 750,000 Options exercisable at \$0.20 on or before 1 April 2014 (**Director Options Expiry Date**) to the Directors (being 250,000 to each Director) after completion of the Offer but before the Company lists on the ASX.

The Company has also agreed in the Lead Manager Mandate (summarised in Section 12.4 of this Prospectus) to issue 4,000,000 Options exercisable at \$0.20 on or before 31 May 2014 (**Broker Options Expiry Date**) to Otsana Capital or its nominees (2,000,000 of these Options will be allocated to other brokers nominated by Otsana Capital that assist with raising funds under the Offer). The Options will be issued after completion of the Offer but before the Company lists on the ASX.

A summary of the terms and conditions of the Options are as follows:

- (a) each Option entitles the holder to one Share in the Company;
- (b) the Options are exercisable at any time on or prior to 5.00pm (WST) on or prior to the expiry date being either the Director Options Expiry Date or the Broker Options Expiry Date (as applicable) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company;
- (c) the Option exercise price is \$0.20 per Option;
- (d) an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised;
- (e) subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Options are freely transferable;
- (f) all Shares issued upon exercise of the Options will rank equally in all respects with the Company's then issued Shares;
- (g) the Company will not apply for quotation of the Options on the ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on the ASX within 10 Business Days after the date of allotment of those Shares;
- (h) if the Company undertakes a pro-rata issue (except a bonus issue), the exercise price of an Option may be reduced in accordance with ASX Listing Rule 6.22.2;
- (i) there are no participating rights or entitlements inherent in the Options and holders 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 6 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue; and
- (j) if at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules.

13.3 Disclosure of Interests

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in the Company's securities as set out in the table below:

Director	Shares	Options ¹
Mr Michael Ralston	100,000	Nil
Mr John Ciganek	0	Nil
Mr Simon Mackinnon	100,000	Nil

The Directors may participate in the Offer.

- ¹ The Company has agreed to issue 250,000 Options to each Director (for a total of 750,000 Options) after completion of the Offer and before the Company lists on the ASX. Refer to Section 13.2 for details.

13.4 Remuneration

The Constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for Non-Executive Directors has been set at an amount not to exceed \$350,000 per annum.

The remuneration of Executive Directors will be fixed by the Directors and may be paid by way of fixed sum.

The annual remuneration (inclusive of superannuation) payable to each of the Directors as the date of this Prospectus is as follows:

Director	Annual Remuneration
Mr Michael Ralston	\$36,000
Mr John Ciganek	\$30,000
Mr Simon Mackinnon	\$30,000

The payment of the remuneration of Directors will commence and take effect from the date the Company lists on the ASX.

13.5 Fees and Benefits

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

- (a) Director of the Company;
- (b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (c) promoter of the Company,

has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or
- (iii) the offer of Shares under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

Donald Horn of the Broad Tree Group has acted as the Independent Geologist and has prepared an Independent Geologist's Report which has been included in Section 8 of this Prospectus. The Company estimates that it will pay Donald Horn a total of \$10,000 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Donald Horn has not received any other fees from the Company.

Otsana Pty Ltd trading as Otsana Capital has acted as Lead Manager to the Offer. In respect of this work, Otsana Capital will be paid such amounts as detailed in Section 12.4. During the 24 months preceding lodgement of this Prospectus at the ASIC, Otsana Capital has not received any fees from the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer, has been involved in due diligence enquiries on legal matters and has prepared a Solicitor's Report on Tenements which has been included in Section 10 of this Prospectus. The Company estimates it will pay Steinepreis Paganin approximately \$25,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received any other fees for legal services.

Pitcher Partners has acted as Investigating Accountant and has prepared an Investigating Accountant's Report which has been included in Section 9 of this Prospectus. The Company estimates it will pay Pitcher Partners a total of \$6,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Pitcher Partners has not received any fees from the Company.

13.6 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Donald Horn has given his written consent to being named as the Independent Geologist to the Company in this Prospectus and to the inclusion of the Independent Geologist's Report in Section 8 in the form and context in which the report is included. Donald Horn has not withdrawn his consent prior to the lodgement of this Prospectus with the ASIC.

Otsana Pty Ltd trading as Otsana Capital has given its written consent to being named as the Lead Manager to the Offer in this Prospectus. Otsana Capital has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Pitcher Partners has given its written consent to being named as Auditor to the Company and the Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 9 in the form and context in which the report is included. Pitcher Partners has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitor to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Tenements in Section 10 in the form and context in which the report is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Security Transfer Registrars has given its written consent to being named the Company's Share Registry in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

13.7 Expenses of the Offer

The total cash expenses of the Offer (based on \$3,000,000 being raised) are estimated to be \$250,000 as set out in the table below:

Item of Expenditure	Amount
ASIC fees	\$2,068
Legal fees	\$25,000
Independent Consulting Geologist	\$10,000
Investigating Accountant	\$6,000
Lead Manager Fees	\$20,000
ASX fees	\$25,000
Broker commissions	\$150,000
Printing and Other Expenses	\$11,932
TOTAL	\$250,000

In addition, the Company has agreed to issue up to 4,000,000 Options to Otsana Capital (or its nominees) exercisable at \$0.20 on or before 31 May 2014 (of which 2,000,000 Options will be allocated to other brokers nominated by Otsana Capital that are, at the date of this Prospectus, unknown to the Company but that assist with raising funds under this Prospectus). The Options will be issued after the Offer closes and prior to the Company achieving admission to the Official List of the ASX.

If only the minimum subscription of \$2,500,000 is raised, the cash expenses of the Offer will be \$225,000 due to lower broker commissions being payable. If over subscriptions of \$1,000,000 are accepted, the cash expenses of the Offer will increase to \$300,000 due to an increase in broker commissions.

13.8 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

13.9 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus

lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant application forms. If you have not, please obtain a copy of the Prospectus from the Company's website at www.contoresources.com.

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

13.10 Taxation

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

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

14. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Michael Ralston
Chairman
For and on behalf of
CONTO RESOURCES LIMITED

15. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

A\$ or \$ means an Australian dollar.

Applicant means a person who submits an Application Form.

Application Form means the application form accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange (as the context requires).

Board means the board of Directors as constituted from time to time.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

Cardinia Bore Project means the 9 tenements that the Company has a right to acquire up to an 80% interest in under the Option and Farmin Agreement.

Closing Date means the closing date of the Offer as set out in Section 5.3.

Company means Conto Resources Limited (ACN 149 105 653)

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Independent Geologist's Report means the Independent Geologist's Report included in Section 8 of this Prospectus.

Listing Rules means the official listing rules of the ASX.

Offer means the offer of Shares pursuant to this Prospectus as outlined in Section 6.

Official List means the Official List of the ASX.

Official Quotation means official quotation by the ASX in accordance with the Listing Rules.

Option means an option to subscribe for a Share.

Option and Farmin Agreement means the option and farmin agreement between the Company and Sammy Resources dated 16 February 2011.

Otsana Capital means Otsana Pty Ltd ACN 145 168 216 trading as Otsana Capital.

Prospectus means this prospectus.

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

Share Registry means Security Transfer Registrars.

Shareholder means a holder of Shares.

Solicitor's Report on Tenements means the Solicitor's Report on Tenements included in Section 10 of this Prospectus.

Tenements means the tenements in which the Company has a right to earn an interest, as set out in Section 10 of this Prospectus.

WST means Western Standard Time, Perth, Western Australia.