

# **Mineral Commodities Limited**

## **ABN 39 008 478 653**

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### **ENTITLEMENT ISSUE PROSPECTUS**

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For a pro rata non-renounceable entitlement issue on the basis of 2 New Options for every 5 Shares held by Shareholders at an issue price of \$0.005 per New Option, to raise up to approximately \$286,786 (**Entitlement Issue**).

#### **IMPORTANT NOTICE**

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

The New Options offered by this Prospectus should be considered as speculative.

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## TABLE OF CONTENTS

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|    |                                                                  |    |
|----|------------------------------------------------------------------|----|
| 1. | SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES.....              | 2  |
| 2. | CORPORATE DIRECTORY .....                                        | 4  |
| 3. | DETAILS OF THE OFFER .....                                       | 5  |
| 4. | PURPOSE AND EFFECT OF THE OFFER.....                             | 9  |
| 5. | RIGHTS ATTACHING TO NEW OPTIONS AND UNDERLYING NEW OPTIONS ..... | 12 |
| 6. | RISK FACTORS .....                                               | 14 |
| 7. | ADDITIONAL INFORMATION.....                                      | 17 |
| 8. | AUTHORITY OF DIRECTORS .....                                     | 22 |
| 9. | DEFINITIONS .....                                                | 23 |

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## 1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

### TIMETABLE AND IMPORTANT DATES\*

|                                                      |                      |
|------------------------------------------------------|----------------------|
| Entity Announces Pro-rata Issue                      | Prior to 1 July 2009 |
| Lodgement of Prospectus with ASIC                    | 1 July 2009          |
| Notice sent to Shareholders                          | 2 July 2009          |
| Ex Date                                              | 6 July 2009          |
| Record Date for determining Shareholder entitlements | 10 July 2009         |
| Prospectus despatched to Shareholders                | 15 July 2009         |
| Closing Date of Offer                                | 29 July 2009         |
| New Options quoted on a deferred settlement basis    | 30 July 2009         |
| Notify ASX of under-subscriptions                    | 3 August 2009        |
| Despatch date                                        | 6 August 2009        |

\* These dates are determined based upon the current expectations of the Directors and may be changed with 6 Business Days prior notice.

### IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 1 July 2009 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 1 July 2010 (**Expiry Date**). No New Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for New Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

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.

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.

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

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

## **ELECTRONIC PROSPECTUS**

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 Entitlement and Acceptance 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.

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## 2. CORPORATE DIRECTORY

### Directors

Mr Joseph Caruso (Chairman)  
Mr Gregory Steemson (Managing Director)  
Mr Mark Caruso (Non-Executive Director)

### Company Secretary

Mr Peter Torre

### Registered Office

Unit 15  
Level 1  
51-53 Kewdale Road  
WELSHPOOL WA 6106

Telephone: (08) 9353 4890

### Principal Place of Business

Unit 15  
Level 1  
51-53 Kewdale Road  
WELSHPOOL WA 6106

### General Enquiries:

Telephone: (08) 9353 4890  
Facsimile: (08) 9353 4894

### Share Registry\*

Advanced Share Registry Pty Ltd  
150 Stirling Highway  
NEDLANDS WA 6008

Telephone: (08) 9389 8033

### Solicitors

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

### Auditor\*

BDO Kendalls (WA)  
128 Hay Street Subiaco WA 6008  
PO Box 700 West Perth WA 6872  
[www.bdo.com.au](http://www.bdo.com.au)

\*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

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### **3. DETAILS OF THE OFFER**

#### **3.1 Offer**

By this Prospectus, pursuant to a pro-rata non-renounceable entitlement issue, the Company offers for subscription approximately 2 New Options for every 5 Shares held by Shareholders held on the Record Date at an issue price of \$0.005 per New Option. Fractional entitlements will be rounded up to the nearest whole number.

The New Options issued will be exercisable at \$0.20 on or before 31 December 2012.

Based on the capital structure of the Company (and assuming no Existing Options are exercised prior to the Record Date), the maximum number of New Options to be issued pursuant to the Offer is approximately 57,357,208 New Options. The Offer will raise approximately \$286,786. The purpose of the Offer and the use of funds raised are set out in Section 4 of this Prospectus.

Holders of Existing Options will not be entitled to participate in the Offer. The Company currently has 2,250,000 Existing Options on issue as at the date of this Prospectus, which may be exercised by the Option holder prior to the Record Date in order to participate in the Offer.

#### **3.2 How to Accept the Offer**

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
  - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
  - (ii) attach your cheque for the amount indicated on that relevant Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
  - (i) fill in the number of New Options you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque for the appropriate application monies (at \$0.005 per New Option); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Mineral Commodities Limited – Share Offer Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5.00pm WST on the Closing Date.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

### **3.3 Underwriting**

The Offer is not underwritten.

### **3.4 Shortfall**

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall.

The offer of the Shortfall is a separate offer pursuant to this Prospectus and will remain open for 3 months following the Closing Date or such other date as the Directors may determine in their absolute discretion. The issue price of any New Options offered pursuant to the Shortfall Offer shall be \$0.005 cents per New Option, being the price at which the Entitlement has been offered to Shareholders pursuant to this Prospectus. The New Options will be on the same terms as the New Options issued under the Offer.

To the extent Shareholders do not take up their Entitlement in full the Shortfall will be placed at the discretion of the Directors. Applications for additional new securities under the Shortfall in excess of an Entitlement will not be accepted and these application monies will be refunded (without interest) in accordance with the provisions of the Corporations Act.

### **3.5 Australian Securities Exchange Listing**

Application for official quotation by ASX of the New Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as modified by the ASIC), the Company will not issue any New Options and will repay all application monies for the New Options within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the New Options is not to be taken in any way as an indication of the merits of the Company or the New Options now offered for subscription.

### **3.6 Allotment of New Options**

New Options issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the New Options on the basis of a Shareholder's Entitlement. Where the number of New Options issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the New Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

### **3.7 Overseas Shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of New Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and New Options will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

### **3.8 Taxation Implications**

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for New Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the New Options offered pursuant to this Prospectus.

### **3.9 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship**

The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of New Options can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

### **3.10 Privacy Act**

If you complete an application for New Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your New Options in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised New Options brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers 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 ASTC Settlement Rules. You should note that if you do not provide the information required on the application for New Options, the Company may not be able to accept or process your application.

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#### **4. PURPOSE AND EFFECT OF THE OFFER**

##### **4.1 Purpose of the Offer**

The purpose of the Offer is to raise approximately \$286,786 (before expenses). The proceeds of the Offer, are planned to be used in accordance with the table set out below:

| <b>Proceeds of the Offer</b>                                            | <b>\$</b>      |
|-------------------------------------------------------------------------|----------------|
| Working Capital and ongoing development of Tormin Mineral Sands Project | 272,779        |
| Estimated expenses of the Offer                                         | 14,007         |
| <b>TOTAL</b>                                                            | <b>286,786</b> |

##### **Notes:**

1. Refer to Section 7.5 of this Prospectus for further details relating to the estimated expenses of the Offer.

##### **4.2 Effect of the Offer and Pro Forma Consolidated Balance Sheet**

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$272,779 immediately after completion of the Offer after deducting the estimated expenses of the Offer; and
- (b) increase the number of Options on issue from 2,250,000, to approximately 59,607,208 Options (inclusive of the Existing Options on issue) following completion of the Offer. The New Options offered pursuant to the Offer will be a new class of Options issued by the Company and the Company will apply for quotation of the New Options quoted on ASX under ASX code MRC.

##### **4.3 Consolidated Balance Sheet**

The unaudited Consolidated Balance Sheet as at 31 May 2009 and the unaudited Consolidated Pro Forma Balance Sheet as at 31 May 2009 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all New Options pursuant to the Offer in this Prospectus are issued.

The Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

**Consolidated Balance Sheet (unaudited) and Pro Forma Balance Sheet (unaudited)  
as at 31 May 2009.**

|                                   | <b>31 May 2009</b> | <b>31 May 2009</b> |
|-----------------------------------|--------------------|--------------------|
|                                   | <b>Actual</b>      | <b>Pro-forma</b>   |
|                                   | <b>\$</b>          | <b>\$</b>          |
| <b>CURRENT ASSETS</b>             |                    |                    |
| Cash and cash equivalents         | 853,432            | 1,125,711          |
| Trade and other receivables       | 263,226            | 263,226            |
| Financial Assets                  | 7,942,326          | 7,942,326          |
| Other                             | 44,534             | 44,534             |
| <b>TOTAL CURRENT ASSETS</b>       | <b>9,103,518</b>   | <b>9,375,797</b>   |
| <b>NON-CURRENT ASSETS</b>         |                    |                    |
| Plant and equipment               | 356,635            | 356,635            |
| Exploration and development costs | 12,659,812         | 12,659,812         |
| Other                             | 6                  | 6                  |
| <b>TOTAL NON-CURRENT ASSETS</b>   | <b>13,016,453</b>  | <b>13,016,453</b>  |
| <b>TOTAL ASSETS</b>               | <b>22,119,971</b>  | <b>22,392,750</b>  |
| <b>CURRENT LIABILITIES</b>        |                    |                    |
| Trade and other payables          | 494,839            | 494,839            |
| Provisions                        | 30,975             | 30,975             |
| <b>TOTAL CURRENT LIABILITIES</b>  | <b>525,814</b>     | <b>525,814</b>     |
| <b>TOTAL LIABILITIES</b>          | <b>525,814</b>     | <b>525,814</b>     |
| <b>NET ASSETS</b>                 | <b>21,594,157</b>  | <b>21,866,936</b>  |
| <b>EQUITY</b>                     |                    |                    |
| Contributed Equity                | 39,804,350         | 39,804,350         |
| Reserves                          | 5,400,712          | 5,673,491          |
| Accumulated Losses                | (23,745,245)       | (23,745,245)       |
| Parent Entity Interest            | 21,459,817         | 21,732,596         |
| Minority Interest                 | 134,340            | 134,340            |
| <b>TOTAL EQUITY</b>               | <b>21,594,157</b>  | <b>21,866,936</b>  |

#### **4.4 Effect on Capital Structure**

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed.

## Shares

|                                                                        | <b>Number</b>      |
|------------------------------------------------------------------------|--------------------|
| Shares on issue at date of Prospectus                                  | 143,393,021        |
| Shares offered pursuant to the Offer                                   | Nil                |
| <b>Total Shares on issue after completion of the Offer<sup>2</sup></b> | <b>143,393,021</b> |

## Options

|                                                                       | <b>Number</b>     |
|-----------------------------------------------------------------------|-------------------|
| Quoted Options exercisable at \$0.20 on or before 31 December 2012    | 57,357,208        |
| Unquoted Options exercisable at \$0.30 on or before 30 September 2009 | 1,750,000         |
| Unquoted Options exercisable at \$0.40 on or before 30 September 2009 | 500,000           |
| <b>Total New Options on issue after completion of the Offer</b>       | <b>59,607,208</b> |

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## 5. RIGHTS ATTACHING TO NEW OPTIONS AND UNDERLYING NEW OPTIONS

### 5.1 Rights Attaching to New Options

The New Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each New Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each New Option, the Optionholder must exercise the New Options in accordance with the terms and conditions of the New Options.
- (b) The New Options will expire at 5.00pm (WST) on 31 December 2012 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**).
- (d) The New Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their New Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of New Options specifying the number of New Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of New Options being exercised,

**(Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 business days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Exercise Notice.
- (h) All Shares allotted upon the exercise of New Options will upon allotment rank pari passu in all respects with other Shares.
- (i) The Company will apply for quotation of the New Options on ASX.
- (j) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) There are no participating rights or entitlements inherent in the New Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Optionholders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

- (l) An Option does not confer the right to a change in exercise price or a change in the number of underlying New Options over which the Option can be exercised.

## **5.2 Rights Attaching to Shares (being the underlying New Options)**

The following is a summary of the more significant rights and liabilities attaching to Shares. Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

### **(a) Notice of Meetings**

Each Shareholder is entitled to receive notice of general meetings of the Company. Except in certain circumstances, Shareholders are entitled to be present in person, or by proxy, attorney or representative to speak or to vote at general meetings of the Company or to join in demanding a poll. Shareholders may requisition general meetings in accordance with the Corporations Act.

### **(b) Voting**

At a general meeting, on a show of hands, every person present who is either a member, a proxy, an attorney or a representative of a Shareholder has one vote. At the taking of a poll, every Shareholder present in person or by proxy, attorney or representative has one vote for each Share held.

### **(c) Dividends**

The Directors may from time to time authorise and pay dividends out of the profits of the Company. Dividends are payable in proportion to the number of Shares held by Shareholders.

### **(d) Winding Up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the property of the Company. The liquidator may also, with the sanction of a special resolution, vest the whole or any part of the property in a trustee on trust for Shareholders.

### **(e) Transfer of Shares**

A Shareholder may transfer Shares by a written transfer or by a transfer effected under a computerised or electronic system recognised by the Listing Rules or by the Corporations Act. The Directors may refuse to register a transfer of Shares where the Listing Rules permit the Company to do so. On any refusal to register a transfer of Shares, the Company must give written notice to the transferee and the reasons for the refusal.

### **(f) Allotment of Shares**

The Directors may, subject to the Constitution, allot new Shares with such terms and conditions as they think fit.

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## **6. RISK FACTORS**

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Options.

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

### **6.1 Reliance on key personnel**

The success of the Company in part will depend on the ability of the Directors, management team and other executive personnel (employed by the Company or its business partners) to develop the Company's project portfolio and enhance project value. Should one or more of the key personnel cease to be involved, for whatever reason, then the capability of the Company may be expected to be impaired pending a suitable replacement being identified and retained by the Company or its business partners.

### **6.2 Future Capital Needs and Funding**

The Company anticipates it will be required to raise additional equity and/or debt capital to finance its future activities. There can be no assurance that the Company will be able to raise that finance on acceptable terms or in a timely manner. Any inability to obtain finance may adversely affect the business and financial condition of the Company and, consequently, its performance.

### **6.3 Exploration and Feasibility Risks**

Exploration for minerals is speculative and involves significant degrees of risk. There is no guarantee that exploration on the Company's tenements or on other tenements that may be acquired in the future, will lead to the discovery of mineral resources that can be economically exploited. Furthermore, feasibility studies on the potential development of operations to exploit any mineral resources that are delineated may not prove positive.

Exploration and feasibility activities may be delayed or disrupted by the availability of drilling rigs or other technical contractors, adverse weather conditions, difficulties in gaining access to the desired exploration sites, delays in approvals from authorities or technology providers or technical issues such as unexpected geological formations or process test work results.

### **6.4 Resource and Reserve Estimates**

Mineral resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. They are therefore imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

Estimates of mineral resources that were reasonable when made may change significantly when new information from additional drilling and analysis becomes available. This may result in alterations to development and production plans which may, in turn, adversely affect operations.

The Company adheres to the JORC Code for the reporting of its mineral resources. As such, its estimates of mineral resources are not based on any feasibility studies and do not imply in any way that such mineral resources can be economically exploited.

#### **6.5 Project Development and Operating Risks**

If the Company achieves exploration success that leads to a decision to conduct feasibility work and then develop production operations, the development and ongoing production from such operations may be adversely affected by various factors, including failure to achieve predicted production rates, mechanical failure or plant breakdown; unanticipated processing or technical problems, adverse weather conditions, industrial and environmental accidents, industrial disputes, delays due to government actions, infrastructure availability and unexpected shortages or increases in the costs of consumables, spare parts, labour, plant and equipment.

#### **6.6 Grant of Licences**

Tenements are granted subject to various conditions. Failure to comply with expenditure or other conditions on which the Tenements are help exposes the Tenements to forfeiture. Tenements (or applications) in which the Company has an interest are (or, if granted, will be) subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the licences liable to forfeiture.

#### **6.7 Environmental Risks**

The Company's projects are subject to relevant environmental legislation and will themselves have varying levels and types of potential impact on the natural environment. Like most countries, (countries associated with Company), have laws and regulations regarding environmental matters, including disturbance, rehabilitation and the discharge of hazardous waste and materials. These will be dealt with in the normal course of operations.

#### **6.8 Native Title and Community Risks**

Many countries have native title, community title/empowerment, or heritage legislation and/or regulations. These rules impose certain requirements on minerals companies who undertake or plan to undertake various exploration, development or mining activities. The risks associated with the rules are generally associated with the imposition of various uncertainties as to timetables and costs.

No assurance can be given that the Company will be able to explore or conduct mining activities within acceptable timeframes or on terms acceptable to it.

#### **6.9 Economic, Price and Government Risks**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company and the value of its mineral assets. In particular, changes in the current and expected future price of energy and other commodities can change rapidly and significantly and this can have a substantial effect on the value of the Company's assets and the potential future revenue and profits that might be earned from any successful development of those assets.

Commodity prices are influenced by many factors affecting their demand and supply including global industrial production levels and economic sentiment, inflation and interest rates, industrial disputes, wars and other military activity, technological advancements, forward selling activities, government environmental policies, infrastructure investment, weather conditions and general exploration success.

Changes in government, monetary policies, taxation and other laws and regulations can also have a significant influence on the outlook for projects and companies and the actual and potential returns to investors.

#### **6.10 Competition for Projects**

The Company competes with other companies, including mineral exploration and production companies. Some of these companies have greater financial and other resources than the Company. As a result, such companies may be in a better position to compete for future business opportunities and there can be no assurance that the Company can compete effectively with these companies.

#### **6.11 Insurance**

Insurance against all risks associated with mineral exploration is not always available or affordable. The Company intends to maintain insurance where it is considered appropriate for its needs; however, it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

#### **6.12 Options Investments and Share Market Conditions**

The price at which Shares trade may rise or fall in response to a number of factors affecting the market for equities in general which are unpredictable and unrelated or disproportionate to the operating performance of the Company. Such factors include changes in the general economic outlook, interest and inflation rates, currency exchange rates, investor sentiment and the demand and supply for capital.

#### **6.13 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 New Options offered under the Prospectus. The New Options carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Options.

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

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## **7. ADDITIONAL INFORMATION**

### **7.1 Continuous Disclosure Obligations**

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s New Options.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of New Options on the Company and the rights attaching to the New Options. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of New Options in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 31 December 2008 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for the

year ended 31 December 2008 lodged with ASIC before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2008 audited financial statements:

| <b>Date</b> | <b>Description of Announcement</b>                                                |
|-------------|-----------------------------------------------------------------------------------|
| 29/06/2009  | Appendix 3B                                                                       |
| 29/06/2009  | Entitlement Issue                                                                 |
| 24/06/2009  | Appendix 3B New Issue of Shares                                                   |
| 24/06/2009  | Mineral Commodities Limited / Africa Uranium Limited Final Subscription Agreement |
| 24/06/2009  | Contract for Definitive Feasibility Study Awarded                                 |
| 02/06/2009  | Uranium Assays Confirm Uraniferous Calcrete Horizons                              |
| 29/05/2009  | Results of Meeting                                                                |
| 08/05/2009  | Managing Director - Terms of Employment                                           |
| 07/05/2009  | Managing Director Appointment                                                     |
| 07/05/2009  | Completion of Due Diligence - African Uranium Project                             |
| 30/04/2009  | Quarterly Activities and Cashflow Reports                                         |
| 27/04/2009  | Notice of Annual General Meeting                                                  |
| 27/04/2009  | Annual Report to Shareholders                                                     |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website [www.mineralcommodities.com.au](http://www.mineralcommodities.com.au).

## **7.2 Directors' interests**

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

Directors' relevant interests in New Options of the Company at the date of this Prospectus are:

| <b>Name</b>         | <b>Shares</b> | <b>Existing Options</b> | <b>New Option Entitlement</b> |
|---------------------|---------------|-------------------------|-------------------------------|
| Mr Joseph Caruso    | 18,450,988    | Nil                     | 7,380,395                     |
| Mr Gregory Steemson | 1,510,000     | Nil                     | 604,000                       |
| Mr Mark Caruso      | 18,463,615    | Nil                     | 7,385,446                     |

**Notes:**

1. Each of the Directors has indicated that it is their present intention to subscribe for their full Entitlement under the Offer.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The Company paid to the Directors a total of \$165,800 the year ended 31 December 2007 and \$164,200 for the year ended 31 December 2008. In addition to the above, the Directors have been paid fees totalling \$88,200 from the end of the previous financial year until the date of this Prospectus. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

### **7.3 Interests and Consents of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of New Options pursuant to this Prospectus; or
- (c) the Offer of New Options pursuant to this Prospectus,

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

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$5,000 for services in relation to this Prospectus.

#### **7.4 Legal Proceedings**

There is no material litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

#### **7.5 Estimated Expenses of Offer**

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

|                             | \$            |
|-----------------------------|---------------|
| ASIC fees                   | 2,010         |
| ASX fees                    | 1,997         |
| Legal expenses              | 5,000         |
| Printing and other expenses | 5,000         |
| <b>Total</b>                | <u>14,007</u> |

#### **7.6 Market Price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure New Options quoted on ASX.

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

Highest: \$0.15 on 6 May 2009

Lowest: \$0.045 on 24 April 2009

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.10 on 30 June 2009.

## **7.7 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 application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

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.

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**8. AUTHORITY OF DIRECTORS**

**8.1 Directors' Consent**

Each of the Directors of Mineral Commodities Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act

Dated the 1st day of July 2009.

**Signed for and on behalf of  
MINERAL COMMODITIES LIMITED  
Managing Director**

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9. **DEFINITIONS**

**Applicant** means a Shareholder or other party instructed by the Directors who applies for New Options pursuant to the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASTC Settlement Rules** means the settlement rules of the New Options clearing house which operates CHES.

**ASX** means the ASX Limited (ACN 008 624 691).

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day on which trading takes place on the stock market of ASX.

**Closing Date** means the closing date of the Offer, being 5.00pm (WST) on 29 July 2009(unless extended).

**Company** means Mineral Commodities Limited (ABN 39 008 478 653).

**Constitution** means the Company's Constitution as at the date of this Prospectus.

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

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

**Dollar** or "\$" means Australian dollars.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Existing Options** means the 2,250,000 unlisted Options on issue at the date of this Prospectus.

**Issue** means the issue of New Options offered by this Prospectus.

**Listing Rules** or **ASX Listing Rules** means the Listing Rules of the ASX.

**New Options** means the Options offered under this Prospectus.

**Offer** means the offer pursuant to the Prospectus on the basis of 2 New Options for every 5 Share/s held by a Shareholder on the Record Date at an issue price of \$0.005 per New Option, to raise approximately \$286,786.

**Official List** means the official list of ASX.

**Option** means an option to acquire a Share.

**Prospectus** means this prospectus.

**Quotation** and **Official Quotation** means official quotation on ASX.

**Record Date** means 5.00pm (WST) on 10 July 2009

**Related Corporation** has the meaning given to that term in the Corporations Act.

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

**Shareholder** means a shareholder of the Company.

**Shortfall** means those New Options under the Offer not applied for by Shareholders under their Entitlement.

**WST** means Western Standard Time.