



Mineral Commodities Ltd

ABN 39 008 478 653

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19 September 2013

ENTITLEMENT ISSUE - DISTRIBUTION OF PROSPECTUS

Mineral Commodities Limited (ACN 008 478 653) (**MRC**) advises that the Entitlement Issue Prospectus was distributed to eligible shareholders today in accordance with the timetable set out below.

A copy of the prospectus is attached to this announcement.

TIMETABLE AND IMPORTANT DATES*

Event	Proposed Date
Lodgement of Prospectus with the ASIC	Wednesday, 4 September 2013
Lodgement of Prospectus & Appendix 3B with ASX	Wednesday, 4 September 2013
Notice sent to Optionholders	Pre-trade, 5 September 2013
Notice sent to Shareholders	Friday, 6 September 2013
Ex date	Monday, 9 September 2013
Record Date for determining Entitlements	Friday, 13 September 2013
Prospectus sent to Shareholders & Company announces this has been completed	Thursday, 19 September 2013
Closing Date*	Thursday, 3 October 2013
Shares quoted on a deferred settlement basis	Friday, 4 October 2013
ASX notified of under subscriptions	Wednesday, 9 October 2013
Issue Date	Monday, 14 October 2013
Quotation of Shares issued under the Offer*	Tuesday, 15 October 2013

*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

Yours faithfully

Peter Torre
Company Secretary

MINERAL COMMODITIES LIMITED

ACN 008 478 653

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.08 per Share to raise up to \$6,479,066 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten by Zurich Bay Holdings Pty Ltd and Au Mining Limited (together the **Underwriters**). Refer to sections 4.2, 4.4 and 9.4 for details regarding the terms and effect of the Underwriting Agreements.

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 Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Mark Victor Caruso
(Executive Chairman)

Joseph Anthony Caruso
(Non-executive Director)

Peter Patrick Torre
(Non-executive Director)

James Gerald Leahy
(Independent Non-Executive Director)

Guy Redvers Walker
(Independent Non-Executive Director)

Chief Executive Office

Andrew Lashbrooke

Company Secretary

Peter Patrick Torre

Share Registry*

Link Market Services Limited
Ground Floor, 178 St Georges Terrace
Perth, WA 6000

Registered Office

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Website: <http://www.mncom.com.au/>

Solicitors

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

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

2. TIMETABLE

Lodgement of Prospectus with the ASIC	Wednesday, 4 September 2013
Lodgement of Prospectus & Appendix 3B with ASX	Wednesday, 4 September 2013
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3. CHAIRMAN'S LETTER

Dear Shareholder

Your Company is in the process of transforming from a mineral explorer to a producing entity. As previously advised to Shareholders, the Company requires additional funds to complete and commission its Tormin Mineral Sands Project. The Board has actively explored a number of potential methods of capital raising and sources of capital and has been successful in obtaining funding via a pre-finance facility with its offtake partner Wogen Pacific Limited.

The Board has decided that in all the circumstances a non-renounceable, fully underwritten rights issue is the only certain method available to it to raise the remaining capital required to complete and commission the Tormin Mineral Sands Project. In this regard, the Company has been fortunate in obtaining the support of two of its major shareholders, Zurich Bay Holdings Pty Ltd (**Zurich Bay**) and Au Mining Limited (**Au Mining**). Accordingly, the Directors have decided to offer all Shareholders the opportunity to participate in a fully underwritten one (1) for four (4) non-renounceable entitlements issue (**Offer**) of shares in the issued capital of the Company (**Shares**).

All Shareholders registered as at 5.00pm WST on Friday, 13 September 2013 will be entitled to participate in an offer of Shares on the basis of one (1) Share for every four (4) Shares then held at an issue price of 8 cents per Share in order to raise approximately \$6,479,066. The Offer is fully underwritten by the Company's major Shareholders, Zurich Bay and Au Mining.

The Closing Date for acceptances is 5.00pm WST on Thursday, 3 October 2013. Application for official quotation of the Shares by ASX will be made within seven days after the date of this Prospectus.

The Board also invites all shareholders to apply for Shortfall Shares.

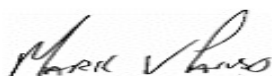
The proceeds from the Offer will be used as follows:

- (a) fund the completion and commissioning of the Tormin Mineral Sands Project;
- (b) fund the costs of the Offer; and
- (c) provide additional working capital.

Investors should be aware that subscribing for Shares involves a number of specific risks including risks associated with mining, operations, development of new operations, exploration activities, and potential requirements for additional funding. Details of these specific risks are set out in section 8 of this Prospectus.

The Directors take this opportunity to thank all Shareholders for their continued support as we continue to develop the Company.

Yours sincerely



Mark Caruso
Executive Chairman
MINERAL COMMODITIES LIMITED

4. IMPORTANT NOTES

This Prospectus is dated 4 September 2013 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 this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

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.

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 highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering 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.

4.1 Rationale for the Offer

A definitive feasibility study (**DFS**) previously commissioned by the Company demonstrated that the Company's project located on the west coast of South Africa known as the Tormin Mineral Sands Project (**Tormin Project**) can produce an enriched non-magnetic saleable concentrate containing predominately Zircon and Rutile. The base case derived from the DFS provides for hydraulic mining and primary concentration of the deposit through spiral plants on the beach. Thereafter, the concentrate will be transferred to a Secondary Concentrator Plant (**SCP**) where it will be further upgraded by spirals, wet magnetic separation (LIMS and WHIMS), and screens before being bagged prior to shipment to destination markets.

During 2012 and 2013 to date, the Company:

- (a) received completed final engineering designs for the development of processing facilities at the Tormin Project and based on the proposed design, during the last quarter of the Company's 2012 financial year the Company awarded all major equipment orders to commence construction of the facilities; and
- (b) commenced fabrication of the Primary Beach Concentrators (**PBCs**) and the clearing of the proposed SCP site also commenced during this period.

The Company has not experienced any significant development delays in proceeding with the construction of the facilities and, accordingly, it expects full production to commence during the last quarter of 2013.

The Company had previously indicated that the capital budget for the development of the Tormin Project, including provisions for upgrading existing roads, bulk earthworks for the SCP, all concrete works, fabrication and construction of the PBCs and the SCP, all equipment, storage and process facilities, installation of equipment and mechanical and piping services, and electrical and instrumentation and scope, amounted to \$16,000,000. All major contracts awarded to date have been below the budgeted cost for those line items.

On 31 July 2013, the Company announced it had entered into an Offtake and Pre-Financing Arrangement with Wogen Pacific Limited (**Wogen**) whereby Wogen will provide the Company with a pre-finance arrangement (**Arrangement**) of US\$2 million, to be drawn anytime up to 31 December 2013.

As previously indicated the Company requires further funding to complete the construction and commissioning of the facilities at the Tormin Project. The Company has pursued other fund raising alternatives such as debt, quasi debt and a direct equity raising.

The Board has resolved to proceed with an entitlements issue which will provide the Company with the funding certainty to complete the development of the Tormin Project within the definite timeframe and on the terms set out in this Prospectus.

4.2 Underwriting

The Offer will be jointly underwritten in equal proportions by Zurich Bay and Au Mining. Each Underwriter will:

- (a) subscribe for their entitlements under the Offer, Zurich Bay being entitled to subscribe for 15,401,497 Entitlement Shares and Au Mining being entitled to subscribe for 16,116,000 Entitlement Shares; and
- (b) subscribe for up to 24,735,419 Entitlement Shares valued at \$1,978,833.52 (being 50% of the maximum Shortfall that could arise assuming that only the Underwriters take up their Entitlement) which the Company has not received valid applications in respect of either the Offer or the Shortfall Offer as at the closing date of the Offer.

Further details regarding the underwriting arrangements is set out in section 9.4 of this Prospectus and details of the effect of the underwriting on the control of the Company is considered at section 4.4 of this Prospectus.

4.3 Future Intentions of the Underwriters

The Underwriters have indicated that the intentions disclosed in this section are based on the facts and information regarding the Company and the general business environment which are known to them as at the date of this Prospectus. Any future decisions will, of course, be reached by the Underwriters based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, the Underwriters' intentions could change.

The Underwriters have informed the Company that on the facts and circumstances presently known to them, they are supportive of the Company's current direction.

The Underwriters have advised the Company that since they are presently supportive of the Company's current direction, the Underwriters do not currently intend to seek any changes to the direction and objectives of the Company, and that other than as disclosed in this Prospectus, the Underwriters:

- (a) do not currently intend to make any significant changes to the existing businesses of the Company;
- (b) do not currently intend to inject further capital into the Company other than participating in the Offer and underwriting the Offer;
- (c) do not currently intend to become involved in decisions regarding the future employment of the Company's present employees and contemplates that they will continue in the ordinary course of business;
- (d) do not currently intend for any property to be transferred between the Company and the Underwriters or any person associated with the Underwriters;
- (e) do not currently intend to redeploy the fixed assets of the Company; and
- (f) do not currently intend to change the Company's existing financial or dividend policies.

The Underwriters will each make decisions on their respective course of action in light of material facts and circumstances at the relevant times and after each receives appropriate legal and financial advice on such matters, where required, including in relation to any requirement for Shareholder approvals.

The statements reflect current intentions only as at the date hereof which may change as new information becomes available or circumstances change or with the passage of time.

4.4 Effect on control of the Company

The Underwriters are presently substantial shareholders of the Company and the extent to which shares are issued pursuant to the underwriting will increase the Underwriters' voting power in the Company. Zurich Bay is a related party of the Company for the purpose of the Corporations Act as it is an entity in which Mr Mark Victor Caruso and Mr Joseph Anthony Caruso have a relevant interest. Au Mining is not a related party to the Company.

It is proposed that Zurich Bay's underwriting commitment will be 50% sub-underwritten by the M&G Investment Management Limited (**M&G**). At the date of this Prospectus, M&G holds a relevant interest in 28,647,000 Shares.

The Entitlement of each proposed underwriter and sub-underwriter, as well as their relevant interest assuming the Offer was fully subscribed and no Options are exercised prior to the Record Date is set out in the table below:

Underwriter/Sub-Underwriter	Shares	Options	Entitlement	\$	Relevant interest assuming (1) the Underwriter/Sub-underwriter only took up their entitlement; and (2) that there is no Shortfall	Percentage
Zurich Bay ¹	61,605,988	Nil	15,401,497	1,232,119.76	77,007,485	19.02%
Au Mining	64,464,000	Nil	16,116,000	1,289,280.00	80,580,000	19.90%
M&G	28,647,000	Nil	7,161,750	572,940.00	35,808,750	8.84%
Total	154,716,988	Nil	38,679,247.00	3,094,339.76	193,396,235	47.76%

Notes:

1. Joseph Caruso and Mark Caruso, who are directors of the Company, are both directors of Zurich Bay and have a relevant interest in Zurich Bay's issued capital.

Each Underwriter's present relevant interest and changes under several scenarios are set out in the table below and are based on the assumption that each Underwriter takes up its full entitlement, being 15,401,497 Shares for Zurich Bay and 16,116,000 Shares for Au Mining, under each scenario.

Event	Shares held by Zurich Bay ¹	Voting power of Zurich Bay	Shares held by Au Mining ²	Voting power of Au Mining
Date of Prospectus	61,605,988	19.02%	64,464,000	19.90%
Completion of Entitlement Issue				
Fully subscribed	77,007,485	19.02%	80,580,000	19.90%
60% subscribed	93,205,152	23.02%	96,777,667	23.90%
50% subscribed	97,254,568	25.02%	100,827,083	24.90%
40% subscribed	101,303,985	25.02%	104,876,500	25.90%

Notes:

1. Joseph Caruso and Mark Caruso, who are directors of the Company, are both directors of Zurich Bay and have a relevant interest in Zurich Bay's issued capital.
2. The table assumes there is no sub-underwriter.
3. The table assumes no Options are exercised prior to the Record Date.

The number of shares held by each Underwriter and its voting power in the tables above show the potential effect of the underwriting of the Offer. However, it is unlikely that no shareholders, other than the Underwriters, will take up entitlements under the Offer. The table above also does not take into account any sub-underwriting arrangements; Zurich Bay has entered into a sub-underwriting arrangement with M&G. The underwriting obligation and therefore voting power of the Underwriters will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by the other shareholders.

The Underwriters are in no way associated or related to one another. Each Underwriter has entered into a separate Underwriting Agreement with the Company having regard to their own interests, and without consideration of the interests or intentions of the other Underwriter.

4.5 Dilution

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 20% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders (assuming no Options are exercised prior to the Record Date).

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer Full Subscription
Shareholder 1	10,000,000	3%	2,500,000	10,000,000	2.47%
Shareholder 2	5,000,000	2%	1,250,000	5,000,000	1.23%
Shareholder 3	1,500,000	0.46%	375,000	1,500,000	0.37%
Shareholder 4	400,000	0.12%	100,000	400,000	0.10%
Shareholder 5	50,000	0.02%	12,500	50,000	0.01%
Total Shares on Issue		323,953,343			404,941,678

4.6 Details of substantial holders

As at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Relevant interest holder(s)	Shares	%
Au Mining Limited (Underwriter)	Beneficial and legal holder	64,464,000	19.90
Zurich Bay Holdings Pty Ltd (Underwriter)	Shares are held by Zurich Bay Holdings as Trustee for The Mine Site Construction Services Trust trading as Mine Site Construction Services. The Mine Site Construction Services Trust is a Discretionary Trust with Mark Victor Caruso and Joseph Anthony Caruso being co-Guardians of this trust. Mark Victor Caruso and Joseph Anthony Caruso are Directors and shareholders in Zurich Bay.	61,605,988	19.02%
Tormin Holdings Limited	Beneficial and legal holder	35,653,107	11.01%
M&G Investment Management Limited	An Open Ended Investment Company (separate legal entity, not within the Prudential plc group of companies), the assets are managed by M&G Investment Management Limited, which is a wholly owned subsidiary of Prudential plc, as are M&G Limited and M&G Group Limited.	28,647,000	8.84%

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer. In the event of a Shortfall, the potential impact on those substantial holders who are also Underwriters are set out in Section 4.4 above.

4.7 Directors Interest in Securities

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement	\$
Mark Victor Caruso	61,618,615 ¹	1,000,000 ³	15,404,653	1,232,372
Joseph Anthony Caruso	61,605,988 ²	1,000,000 ³	15,401,497	1,232,199
Peter Patrick Torre	500,000	1,000,000 ³	125,000	10,000
Guy Redvers Walker	100,000 ⁴	1,000,000 ³	25,000	2,000
James Gerald Leahy	Nil	1,000,000 ³	Nil	Nil

Notes

1. Mr Mark Victor Caruso, a director of Zurich Bay, holds 12,627 Shares directly and an indirect interest in 61,605,988 Shares held by Zurich Bay.
2. Mr Joseph Anthony Caruso, a director of Zurich Bay, has an indirect interest in 61,605,988 Shares held by Zurich Bay.
3. These Options are unlisted Options exercisable at \$0.20 on or before 31 December 2015.
4. Mr Guy Walker has an indirect interest in 50,000 Shares held by Mr Guy Walker <Ava Rose Walker A/C>, 50,000 Shares held by Mr Guy Walker <Zac Redvers Walker A/C>.

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements.

4.8 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 8 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

A summary of some of the key risks include:

Title of risk	Description of risk	Cross-reference
Company specific		
Potential for significant dilution	Upon implementation of the Offer, the number of Shares on issue will increase by up to 80,988,335 (assuming no Options are exercised prior to the Record Date and the Offer is fully subscribed). As a result each Share will represent a significantly lower proportion of the ownership of the Company.	8.2(a)
Concentration of Ownership Consequences	Under the Underwriting Agreements, the relevant interests of the Underwriters (assuming no Options are exercised prior to the Record Date) could exceed 25%. Accordingly, this may potentially increase the	8.2(b)

Title of risk	Description of risk	Cross-reference
	concentration of shares held by the top three unassociated shareholders, two of whom are the Underwriters. Examples of the specific consequences are listed in paragraph 8.2(b) of this Prospectus.	
Sovereign risks and Government and regulatory risks	The Company's projects are all situated in the Republic of South Africa and are thus subject to the risks associated in operating in a foreign country including economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law.	8.2(c) and 8.2(d)
Black Economic Empowerment and Social Development	The Company must comply and remain compliant with the South African Mining Charter, the Mining Codes and the black economic empowerment participation requirements and the approved social and labour plan in order to retain prospecting and mining rights. Any failure to satisfy and to continue to satisfy the black economic empowerment requirements of the MPRDA, the Charter, the approved social and labour plan and/or the Mining Codes could jeopardise any prospecting rights held and impede the Company's ability to acquire, develop or maintain any additional prospecting and mining rights.	8.2(e)
Industry specific		
Exploration, production and development risks	<p>The Company's success depends on the successful exploration appraisal and development of mineral sands reserves. Operations, such as design and construction of efficient recovery and processing facilities, competent operational and managerial performance and efficient distribution and marketing services are required to be successful. In particular, production operations can be hampered by force majeure circumstances, engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events.</p> <p>The Company is currently constructing processing facilities and associated infrastructure at its Tormin Project and intends to shortly commission these facilities. Delays or breaches of contractors employed in this development in performing their obligations, failures and or breakdowns of equipment, shortages of skilled labour in South Africa, and design and construction issues may affect the time and costs estimated by the Company to complete the construction and commissioning activities at the Tormin Project.</p>	8.3(a)
Construction and commissioning risks	There is a risk that feasibility studies may not return positive results on Tormin Project and even if they do, there is the risk that the development of the deposits will not be economic, completed on schedule, or that the construction cost may exceed the budget, or that significant problems in commissioning the plant may arise.	8.3(b)
Commodity price volatility and exchange rate	If the Company achieves success leading to mineral sands production, the revenue it will derive through the sale of these minerals exposes the potential income of the Company to price and exchange rate risks as the international prices of mineral sands are denominated in United States dollars, and the Company will be incurring expenses in South African RAND), whereas the income and expenditure of the	8.3(e)

Title of risk	Description of risk	Cross-reference
	Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange. Mineral sands prices fluctuate and are affected by many factors beyond the control of the Company.	
Contractual	The ability of the Company to achieve its objectives will depend on the performance by the other parties to contracts which the Company may enter into in the future. If a party defaults in the performance of its obligations it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.	8.3(h)
General		
Additional requirements for capital	The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.	8.4(c)

4.9 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$244,669 (excluding GST) and are expected to be applied towards the items set out in the table below:

Description	\$
Underwriting Fees	197,883 ¹
ASIC fees	2,225
ASX fees	14,061
Legal fees	15,000
Printing and distribution	15,000
Miscellaneous	500
Total	244,669

Notes

- The Company will pay Au Mining and Zurich Bay \$98,941.68 each within 5 business days of the Closing Date in connection with the Offer.

4.10 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 8 of this Prospectus.

4.11 Competent Person's Statement

The information in this Prospectus which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geoscientists ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM"). Mr Maynard is independent consultant to the Company. Mr Maynard is the director and principal geologist of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

5. DETAILS OF THE OFFER

5.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by Shareholders registered at the Record Date at an issue price of \$0.08 per Share. Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised prior to the Record Date), a maximum of 80,988,335 Shares will be issued pursuant to this Offer to raise up to \$6,479,066.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 7 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in section 6.1 of this Prospectus.

5.2 Effect of Offer on the Company's existing securities

At the date of this Prospectus, the Company has on issue the following securities:

- (a) 323,953,343 Shares; and
- (b) 11,000,000 Options.

The holders of existing Options will not be entitled to participate in the Offer without first exercising their Options prior to the Record Date. Please refer to section 6.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

5.3 Minimum subscription

There is no minimum subscription for the Offer as the Offer is fully underwritten by the Underwriters. In the event that either of the Underwriting Agreements are terminated for any reason the Board may exercise their discretion to not proceed with the Offer, or alternatively to proceed with the Offer and the Shortfall Offer (described in Section 5.8) on a non-underwritten basis. If the Company does not proceed with the Offer, the Company will repay the Application Monies to the Applicants (without interest).

5.4 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance under the Offer must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement. However, you may wish to apply for additional Shares under the Shortfall Offer. See clause 5.8 for further details.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and

- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.08 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

5.5 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Mineral Commodities Ltd – Share Offer A/C**” 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.

5.6 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4.00pm (WST) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

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

5.7 Underwriting

The Offer is fully underwritten by the Underwriters. Refer to sections 4.2, 4.3, 4.4 and 9.4 of this Prospectus for details of the term and effect of the underwriting. The Underwriters are in no way associated or related to one another, and have

entered into separate Underwriting Agreements with the Company having regard to their own interests.

5.8 Shortfall Offer

The offer of the Shortfall is a separate offer pursuant to this Prospectus. Shares not taken up by Eligible Shareholders will form part of the Shortfall Offer. The issue price of any Shares offered pursuant to the Shortfall Offer will be \$0.08 each, which is the issue price at which the Offer has been made to Eligible Shareholders.

Eligible Shareholders may, in addition to their Entitlement, apply under the Shortfall Offer, regardless of the size of their present holding. Eligible Shareholders who wish to apply for Shortfall Shares above their Entitlement can complete the appropriate boxes on the Entitlement and Acceptance Form accompanying this Prospectus and return it together with a cheque for the value of those Shortfall Shares (at \$0.08 per Shortfall Share) to the Share Registry.

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. The Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for or not proceed with the issuing of the Shortfall Shares or part thereof. If the number of Shares issued is less than the number applied for in an Entitlement and Acceptance Form or Shortfall Application Form, surplus Application Monies will be refunded in full as soon as practicable after the closing date of the Shortfall Offer. Interest will not be paid on Application Monies refunded.

The Company must notify the Underwriters within 3 Business Days of the Closing Date, of the number of Shortfall Shares that have not been taken up under the Shortfall Offer by the Closing Date (**Remaining Shares**). Each Underwriter must take up 50% of the Remaining Shares in accordance with the terms of their respective Underwriting Agreements.

The Shortfall Offer is a separate offer made pursuant to the Prospectus and will remain open until the Underwriters are required to subscribe for the shortfall under the Underwriting Agreements. The Underwriters will be required to subscribe for any Shortfall Shares not subscribed for in accordance with the Underwriting Agreements within three (3) business days of the Closing Date. Accordingly, the Directors encourage Shareholders to apply for any Shortfall Shares during the offer period. The Company reserves the right to allot to an Applicant a lesser number of Shortfall Shares than the number for which the Applicant applies, or to reject an Application, or to not proceed with the Shortfall Offer or issue of any Shortfall Shares.

5.9 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

5.10 Allotment

Shares issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be allotted on a progressive basis. Where the number of Shares 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 of the Shortfall Offer.

Pending the allotment and issue of the Shares 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.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

5.11 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 Shares 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 Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

5.12 Nominees, Trustees and Custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

5.13 New Zealand Shareholders

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

In accordance with the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand), a person who, on the Record Date was registered as a holder of Shares with a New Zealand address but who, as at the time of this Offer no longer holds Shares is not eligible to participate in this Offer.

5.14 Enquiries

Any questions concerning the Offer should be directed to Peter Torre, Company Secretary, on 61 8 6253 1100.

6. PURPOSE AND EFFECT OF THE OFFER

6.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$6,479,066.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$6,479,066) (\$)	%
1	Costs to complete construction of the facilities at the Tormin Project	2,000,000	30.87%
2	Costs to complete commissioning of the facilities at the Tormin Project	3,000,000	46.30%
3	Expenses of the Offer ¹	244,669	3.77%
4	Working capital	1,234,397	19.06%
	Total	6,479,066	100%

Notes:

1. Refer to section 4.9 of this Prospectus for further details relating to the estimated expenses of the Offer.
2. As previously disclosed, the previous capital raising undertaken by the Company was sufficient to fund the construction of the plant for the Tormin Project. With the passage of time, funds were required for general working capital which has resulted in the need to replenish those funds so that construction can be completed.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including the interference of weather or strikes, or the failure of contractors) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$6,234,397 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 323,953,343 as at the date of this Prospectus to 404,941,678 Shares following complete of the Offer.

6.3 Pro-forma statement of financial position

The unaudited statement of financial position as at 30 June 2013 and the unaudited pro-forma balance sheet as at 30 June 2013 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma statement of financial position has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma statement of financial position has been prepared to provide investors 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.

	UNAUDITED 30 June 2013	PROFORMA 30 June 2013
CURRENT ASSETS		
Cash Assets	7,854,661	14,089,058
Receivables	278,608	278,608
Other financial assets	334,000	334,000
Other	34,778	34,778
TOTAL CURRENT ASSETS	8,502,047	14,736,444
NON-CURRENT ASSETS		
Property, plant and equipment	112,161	112,161
Exploration & development expenditure	15,933,175	15,933,175
Other financial assets	643,412	643,412
TOTAL NON-CURRENT ASSETS	16,688,748	16,688,748
TOTAL ASSETS	25,353,908	31,425,192
CURRENT LIABILITIES		
Payables	945,903	945,903
Provisions	1,500	1,500
TOTAL CURRENT LIABILITIES	947,403	947,403
TOTAL LIABILITIES	947,403	947,403
NET ASSETS (LIABILITIES)	24,243,392	30,477,789
EQUITY		
Contributed Equity	55,101,461	61,335,858
Outside equity interests	178,849	178,849
Reserves	(1,720,281)	(1,720,281)
Accumulated profits/losses	(29,316,637)	(29,316,637)
TOTAL EQUITY	24,243,392	30,477,789

6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming no Options are exercised prior to the Record Date, is set out below.

Shares

	Number (Full Subscription)
Shares currently on issue	323,953,343
Shares offered pursuant to the Offer	80,988,335
Total Shares on issue after completion of the Offer	404,941,678

Options

	Number (Full Subscription)
Options currently on issue:	
(Unquoted exercisable at \$0.20 on or before 31 December 2015)	10,000,000
(Unquoted exercisable at \$0.35 on or before 31 December 2015)	1,000,000
Options offered pursuant to the Offer	Nil
Total Options on issue after completion of the Offer	11,000,000

The capital structure on a fully diluted basis as at the date of this Prospectus would be 334,953,343 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 415,941,678 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

7. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

7.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

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

(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 each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, 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.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **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 and the ASX Listing Rules.

(g) **Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under 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.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

8. RISK FACTORS

8.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

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

8.2 Company specific

(a) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 323,953,343 currently on issue to 404,941,678. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.08 is not a reliable indicator as to the potential trading price of Shares after implementation of the proposed Offer.

(b) Concentration of Ownership Consequences

Under the terms of the Underwriting Agreements, if the Underwriters are required to acquire all of the Shares underwritten pursuant to Underwriting Agreements, Zurich Bay could increase its relevant interest in the Company from 19.02% to 25.13% and Au Mining could increase its relevant interest in the Company from 19.90% to 26.01% (noting that each Underwriter has also committed to take up its full entitlement in the Offer).

Accordingly, this may potentially increase the concentration of Shares held by the top three unassociated shareholders, two of whom are the Underwriters. In such a situation:

- (i) the Shareholders (other than the Underwriters) will hold a reduced percentage of the Shares of the Company; and
- (ii) the existing Shareholders will be unlikely to be able to significantly affect the Company's direction by exercising their

voting rights in the usual manner (as a special resolution requires the approval of at least 25% of the shareholders of the Company to be approved).

(c) **Sovereign risks**

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

Any future material adverse changes in government policies or legislation in South Africa that affect foreign ownership, exploration, development or activities of companies involved in mining exploration and production, may affect the viability and profitability of the Company.

(d) **Government and regulatory risks**

The current and any proposed operations of the Company require government approvals in the form of the grant of mining leases, miscellaneous licences and environmental approvals. There is a risk that onerous conditions may be attached to the approvals or that the grant of approvals may be delayed or not granted. It is also possible that government action, policy change and new legislation in Australia, the Republic of South Africa and other jurisdictions may have a material adverse effect on the Company's current and future business, operations and financial performance.

For example, current laws may be amended or new laws established to address concerns relating to the use, mining and transportation of mineral resources, the treatment of lands and infrastructure, and the production of carbon dioxide, the remediation of mines, tax, royalty and environmental conservation.

(e) **Black Economic Empowerment and Social Development**

The Company must comply and remain compliant with the South African Mining Charter, the Mining Codes and the black economic empowerment participation requirements and the approved social and labour plan in order to retain prospecting and mining rights. Any failure to satisfy and to continue to satisfy the black economic empowerment requirements of the MPRDA, the Charter, the approved social and labour plan and/or the Mining Codes could jeopardise any prospecting rights held and impede the Company's ability to acquire, develop or maintain any additional prospecting and mining rights.

8.3 Industry specific

(a) Exploration, production and development risks

The business of mineral sands exploration and mining involves risks by its very nature. To prosper, it depends on the successful exploration appraisal and development of mineral sands reserves. Operations, such as design and construction of efficient recovery and processing facilities, competent operational and managerial performance and efficient distribution and marketing services are required to be successful. In particular, production operations can be hampered by force majeure circumstances, engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events.

The outcome of exploration and mining programmes will affect the future performance of the Company and its Shares. Production may be curtailed or shut down for considerable periods of time due to any of the following factors:

- disruptions to the transport chain being road and rail;
- port infrastructure and ocean freight;
- a lack of market demand;
- shortages of skilled labour in South Africa;
- government regulation;
- production allocations; and
- force majeure.

These curtailments may continue for a considerable period of time resulting in a material adverse effect on the results of operations and financial condition of the Company.

Further, the exploration for and mining of mineral sands involves certain operating hazards, such as:

- failure and or breakdown of equipment;
- adverse geological, seismic and geotechnical conditions;
- industrial accidents;
- labour disputes;
- adverse weather conditions;
- pollution; and
- other environmental hazards and risks.

Any of these hazards could cause the Company to suffer substantial losses if they occur.

The future exploration activities of the Company may not be successful. Unsuccessful exploration activities could have a material adverse effect on the results of operations and financial condition.

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

The exploration and development costs of the Company are based on certain assumptions with respect to the method and timing of exploration and development. 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.

(b) **Construction and commissioning risk**

There is a risk that feasibility studies may not return positive results on the Tormin Project and even if they do, there is the risk that the development of the deposits will not be economic, completed on schedule, or that the construction cost may exceed the budget, or that significant problems in commissioning the plant may arise.

(c) **Resource estimates**

Resource and other estimates of mineral sands occurrences, including those contained in this Prospectus, are expressions of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates, including that mineral sands mined may be of a different quality, tonnage or strip ratio from the estimates. Resource estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to the estimates of mineral sands reserves could affect its development and mining plans.

(d) **International operations**

International sales and operations are subject to a number of risks, including:

- potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- potential difficulties in protecting intellectual property;
- increases in costs for transportation and shipping; and
- restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes or non-granting of permits.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

(e) **Commodity price volatility and exchange rate**

If the Company achieves success leading to mineral sands production, the revenue it will derive through the sale of these minerals exposes the potential income of the Company to price and exchange rate risks. Mineral sands prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of mineral sands are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets. The Company will also be incurring expenditures in South African in South African RAND, exposing the Company also to the impact of fluctuations in the RAND.

(f) **Environmental**

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

(g) **Insurance**

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.

(h) **Contractual**

The ability of the Company to achieve its objectives will depend on the performance by the other parties to contracts which the Company may enter into in the future. If a party defaults in the performance of its obligations it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

8.4 General risks

(a) Economic

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

(b) 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:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- 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.

(c) Additional requirements for capital

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

(d) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) **Taxation**

The acquisition and disposal of Shares 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.

(f) **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.

8.5 Speculative investment

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 Shares offered under this Prospectus

Therefore, the Shares 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 Shares.

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

9. ADDITIONAL INFORMATION

9.1 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.

9.2 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 securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. 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 securities 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 3 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 annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
31/07/2013	Quarterly Activity and Cash flow Report
31/07/2013	MRC Secures 100% Offtake and \$2m Pre Finance Arrangement
29/05/2013	Results of Meeting
29/05/2013	AGM Presentation
30/04/2013	Quarterly Activities & Cashflow Reports
29/04/2013	Notice of Annual General Meeting

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.mncom.com.au.

9.3 Market price of shares

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

The highest, lowest and last market sale prices of the 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	\$0.11	30 and 31 July 2013
Lowest	\$0.07	19 June 2013
Last	\$0.08	3 September 2013

9.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

(a) Zurich Bay Underwriting Agreement

By an agreement between the Zurich Bay and the Company (**Zurich Bay Underwriting Agreement**), Zurich Bay agreed to partially underwrite the Offer (**Zurich Bay Underwritten Shares**).

Zurich Bay has agreed to subscribe for its full entitlement under the Offer, being 15,401,497 Shares (\$1,232,119.76) and subscribe for up to a maximum of 24,735,419 Shares under the Offer being to the total value of \$1,978,833. As each of the Underwriters have committed to take up their full Entitlements under the Offer, the number of Zurich Bay Underwritten Shares represents the maximum number of shares that might be placed with Zurich Bay. This is calculated as 50% of the maximum Shortfall that could arise assuming that only the Underwriters take up their Entitlements.

The Company will pay Zurich Bay an underwriting fee of \$98,941.68. In the event that the Company or Zurich Bay terminates the Zurich Bay Underwriting Agreement the Company will reimburse Zurich Bay for any expenses incurred or accrued up to the date of termination of the Zurich Bay Underwriting Agreement.

Pursuant to the Zurich Bay Underwriting Agreement, Zurich Bay may appoint sub-underwriters to sub-underwrite the Zurich Bay Underwritten Shares. The appointment of any such sub-underwriter does not limit Zurich Bay's obligations under the Zurich Bay Underwriting Agreement.

The obligation of Zurich Bay to underwrite the Offer is subject to certain events of termination. Zurich Bay may terminate its obligations under the Zurich Bay Underwriting Agreement if the termination events described in Schedule 1 occur.

The Zurich Bay Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to Zurich Bay that are considered standard for an agreement of this type.

(b) Au Mining Underwriting Agreement

By an agreement between the Au Mining and the Company (**Au Mining Underwriting Agreement**), Au Mining agreed to partially underwrite the Offer for 24,735,419 Shares (**Au Mining Underwritten Shares**).

Au Mining has agreed to subscribe for its full entitlement under the Offer, being 16,116,000 Shares (\$1,231,399.76), and subscribe for up to a maximum of 24,735,419 Shares under the Offer being to the total value of \$1,978,833. As each of the Underwriters have committed to take up their full Entitlements under the Offer, the number of Au Mining Underwritten Shares represents the maximum number of shares that might be placed with Au Mining. This is calculated as 50% of the maximum Shortfall that could arise assuming that only the Underwriters take up their Entitlements.

The Company will pay Au Mining an underwriting fee of \$98,941.68. In the event that the Company or Au Mining terminates the Au Mining Underwriting Agreement the Company will reimburse Au Mining for any expenses incurred or accrued up to the date of termination of the Au Mining Underwriting Agreement.

Pursuant to the Au Mining Underwriting Agreement, Au Mining may appoint sub-underwriters to sub-underwrite the Au Mining Underwritten Shares. The appointment of any such sub-underwriter does not limit Au Mining obligations under the Au Mining Underwriting Agreement.

The obligation of Au Mining to underwrite the Offer is subject to certain events of termination. Au Mining may terminate its obligations under the Au Mining Underwriting Agreement if the termination events described in Schedule 1 occur.

The Au Mining Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to Au Mining that are considered standard for an agreement of this type.

9.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (i) the Offer.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the 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 amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

		Cash Benefits	Post employment benefits	Share-based payments	Totals	Percentage performance based	Share based payments as a percentage of remuneration
		\$	\$	\$	\$		%
Joseph Caruso	2013- Current	54,551	4,910	-	59,461		-
	2012	45,107	4,060	33,500	82,667	-	40.52
	2011	44,037	3,963	-	48,000	-	-
Mark Caruso	2013- Current	279,095	20,905	-	300,000		-
	2012	140,333	10,044	33,500	183,877		18.21
	2011	48,000	-	-	48,000	-	-
Peter Torre	2013 - Current	150,000	-	-	150,000		-
	2012	83,083	-	33,500	116,583	-	28.73
	2011	72,000	-	-	72,000	-	-
Guy Walker ¹	2013- Current	68,264	-	-	68,264		-
	2012	1,521	137	33,500	35,158	-	95.28
	2011	-	-	-	-	-	-
James Leahy ²	2013- Current	68,264	-	-	68,264		-
	2012	1,521	137	33,500	35,158	-	95.28
	2011	-	-	-	-	-	-

Notes:

1. Guy Walker was appointed Director on 21 December 2012.
2. James Leahy was appointed Director on 21 December 2012.

9.6 Interests of experts and advisers

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

- (a) 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;
- (b) promoter of the Company; or

- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

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

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 these persons for services provided in connection with:

- (d) the formation or promotion of the Company; or
- (e) the Offer.

Zurich Bay will be paid an underwriting fee of approximately \$98,941 in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Zurich Bay has been paid fees for office space provided to the Company during this period of \$110,000. This is considered to be an arms-length commercial rent. There is no formal sub lease in place. The Company also reimburses Zurich Bay for 50% of the cost of the Executive Assistance to Mr Mark Caruso, the Executive Chairman of the Company. The total of these costs for the 24 months preceding lodgement of this Prospectus with the ASIC was \$46,440.

Au Mining will be paid an underwriting fee of approximately \$98,941 in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Au Mining has not been paid fees by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$20,170 (excluding GST and disbursements) for legal services provided to the Company.

9.7 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.
- (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.

Zurich Bay has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named.

Zurich Bay (including its related entities) is a Shareholder of the Company and currently has a relevant interest in 61,569,988 Shares. Zurich Bay has indicated that it is its current intention to subscribe for its full Entitlement under the Offer in respect of all of the Shares in which it has a relevant interest.

Au Mining has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named.

Au Mining (including its related entities) is a Shareholder of the Company and currently has a relevant interest in 64,464,000 Shares. Au Mining has indicated that it is its current intention to subscribe for its full Entitlement under the Offer in respect of all of the Shares in which it has a relevant interest.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

9.8 Electronic prospectus

Pursuant to Class Order 00/44, 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 Forms. If you have not, please phone the Company on +61 8 6253 1100 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <http://www.mncom.com.au/>.

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.

9.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

9.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic,

ownership of securities 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 Shares 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.

9.11 Privacy Act

If you complete an application for Shares, 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 holder of equity securities in the Company, 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 securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

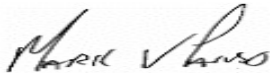
You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

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 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.

10. 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.



**Mark Victor Caruso
Executive Chairman
For and on behalf of
Mineral Commodities Limited**

11. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

Arrangement has the meaning given to that term in section 4.1 of this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESSE.

Au Mining means Au Mining Limited, a company incorporated in the British Virgin Islands, whose address in the Company's register of members is New Zealand.

Au Mining Underwriting Agreement means the underwriting agreement entered into between the Company and Au Mining, as summarised in section 9.4(b).

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

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Mineral Commodities Limited (ACN 008 478 653).

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

Corporations Act means the Corporations Act 2001 (Cth).

DFS has the meaning given to that term in section 4.1 of the Prospectus.

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

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.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

PBCs has the meaning given to that term in section 4.1 of the Prospectus.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

SCP has the meaning given to that term in section 4.1 of the Prospectus.

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

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in section 5.8 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Tormin Project has the meaning given to that term in section 4.1 of the Prospectus.

Underwriters means Zurich Bay and Au Mining and **Underwriter** means any one of them.

Underwriting Agreements means the Au Mining Underwriting Agreement and the Zurich Bay Underwriting Agreement together.

Underwriting Fees means the fees payable to the Underwriters under the Zurich Bay Underwriting Agreement and Au Mining Underwriting Agreement.

Wogen has the meaning given to that term in section 4.1 of this Prospectus.

WST means Western Standard Time as observed in Perth, Western Australia.

Zurich Bay means Zurich Bay Holdings Pty Ltd (ACN 009 422 093).

Zurich Bay Underwriting Agreement means the underwriting agreement entered into between the Company and Zurich Bay, as summarised in section 9.4(a).

SCHEDULE 1 – TERMINATION EVENTS

Zurich Bay may terminate the Zurich Bay Underwriting Agreement and Au Mining may terminate the Au Mining Underwriting Agreement (**Underwriting Agreement**) if any of the following events occur:

1. **Prospectus:** any of the following occurs in relation to the Prospectus:
 - (a) ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or
 - (b) any person other than the Underwriters who consent to being named in the Prospectus withdraws that consent; or
 - (c) Zurich Bay or Au Mining reasonably forms the opinion that there is a material omission from, or a material statement which is, or has become, false or misleading in the Prospectus or any person, other than either Zurich Bay or Au Mining, who has previously consented to be named in the Prospectus withdraws that consent.
2. **Supplementary Prospectus:** the Underwriter may reasonably form the view and informs the Company that it has formed the view that a supplementary or replacement prospectus must be lodged with ASIC under section 719 or section 724 of the Corporations Act and the Company does not lodge a supplementary or replacement prospectus (as the case may be) in the form and content and within the time reasonably required by the Underwriter;
3. **ASX listing:** ASX does not give approval for the Shares to be listed for Official Quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
4. **Return of capital or financial assistance:** the Company or a related corporation takes any steps to undertake a proposal contemplated under section 257A of the Corporations Act or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
5. **Banking facilities:** the Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility;
6. **Alteration of capital structure or constitution:** except as described in the Prospectus, the Company alters its capital structure or its Constitution without the prior written consent of the Underwriter;
7. **Hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Canada, Japan, Russia, the United Kingdom, the United States of America, Brazil, or the Peoples Republic of China, or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world other than hostilities involving Afghanistan or Iraq, any country bordering Afghanistan or Iraq or any Arab country (being a country the majority of whose inhabitants are of Arab ethnicity);

8. **Extended force majeure:** a force majeure (as defined in the Underwriting Agreement) which prevents or delays an obligation under the Underwriting Agreement, lasting in excess of 2 weeks occurs;
 9. **Default:** the Company is in material default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement (in any material respect);
 10. **Adverse change:** any adverse change occurs which materially impacts or is likely to impact the assets, operational or financial position of the Company or a related corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a related corporation);
 11. **Investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a related corporation;
 12. **Due diligence:** there is a material omission from the results of the due diligence investigation performed in respect of the Offer or the results of the investigation or the verification material are false or misleading;
 13. **Prescribed occurrence:** a prescribed occurrence (as defined in the Underwriting Agreement) occurs, other than as disclosed in the Prospectus;
 14. **Suspension of debt payments:** the Company suspends payment of its debts generally;
 15. **Event of insolvency:** an event of insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company or a related corporation;
 16. **Judgment against the Company or a related corporation:** a judgment in an amount exceeding \$250,000 is obtained against the Company or a related corporation and is not set aside or satisfied within 7 days;
 17. **Termination of the other Underwriting Agreement:** if the proposed underwriting agreement between the Company and the other Underwriter is terminated; and
- in the case of Au Mining,
18. **Closing Date:** the Closing Date for the Offer has not occurred by 16 October 2013 or such other date as Au Mining and the Company agree in writing.