# MONARCH GOLD MINING COMPANY LIMITED

ABN 69 100 038 266

# NON-RENOUNCEABLE SHARE ENTITLEMENT

## PROSPECTUS

The Company offers up to 78,171,395 Shares at an issue price of 25 cents per Share to Eligible Shareholders on the basis of 1 new share for every 4 shares held at the Record Date.

**Important Notice**

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

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

MONARCH GOLD
MINING COMPANY LIMITED

# CORPORATE DIRECTORY

## Directors

| | |
|---|---|
| Michael Kiernan | Executive Chairman |
| Allan Quadrio | Managing Director |
| John Davis | Technical Director |
| Phillip Botsis | Non-Executive Director |
| Michael Etheridge | Non-Executive Director |
| David Humann | Non-Executive Director |
| David Macoboy | Non-Executive Director |
| John McKee | Non-Executive Director |

## Company Secretaries

Frank Campagna
Keith Vuleta

## Solicitor to the Offer

Allens Arthur Robinson
Level 37 QV1
250 St George's Terrace
Perth WA 6000

## Auditor

Ernst & Young*
11 Mounts Bay Road
Perth WA 6000

## Registered Office and Principal Place of Business

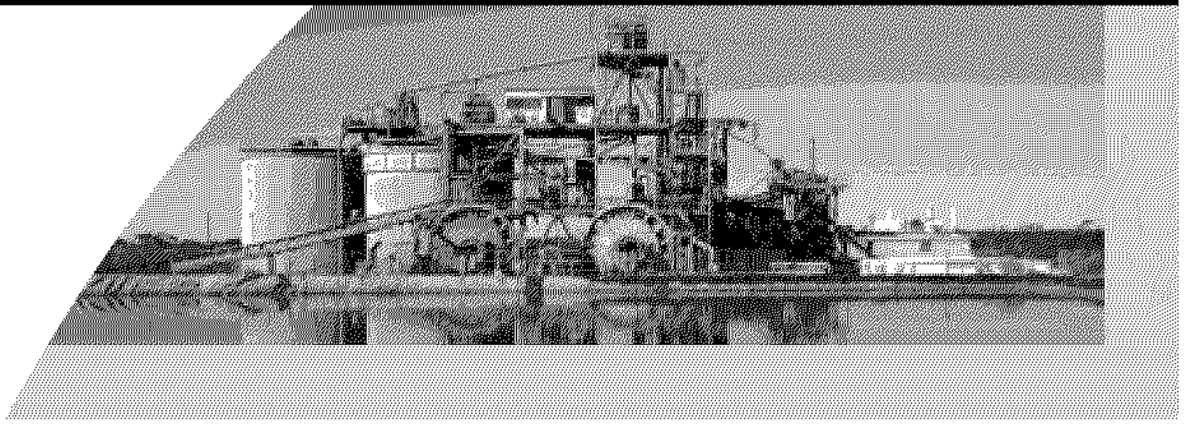
Level 1
23 Ventnor Avenue
West Perth WA 6005

Telephone: (08) 9481 6422
Facsimile: (08) 9482 6433
E-mail: admin@monarchgold.com.au
Website: www.monarchgold.com.au

## Share Registry

Computershare Investor Services Pty Ltd*
Level 2, 45 St Georges Terrace
Perth WA 6000

Telephone: 1300 557 010
Facsimile: (08) 9323 2033
E-mail: perth.services@computershare.com.au
Web-site: www.computershare.com.au



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MONARCH GOLD
MINING COMPANY LIMITED

# IMPORTANT NOTICE

This Prospectus is dated 11 May 2007 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC takes no responsibility for the content of this Prospectus.

The Expiry Date of the Prospectus is 13 months after the date it was lodged with the ASIC. No securities will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Acceptance Form which accompanies this Prospectus.

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



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.

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

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

## Timetable and Important Dates *

| | |
|---|---|
| Announcement of Offer | Friday 11 May 2007 |
| Lodgement of Prospectus with the ASIC and ASX | Friday 11 May 2007 |
| Allotment of placement shares | Thursday 17 May 2007 |
| Record Date to determine entitlements | Wednesday 23 May 2007 |
| Prospectus despatched | Friday 25 May 2007 |
| Opening Date of Offer | Friday 25 May 2007 |
| Closing Date of Offer | Friday 8 June 2007 |
| Despatch of holding statements | Tuesday 19 June 2007 |
| New Shares commence trading on normal settlement basis | Wednesday 20 June 2007 |

* These dates are indicative only and are subject to change. The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date. All times and dates refer to the time and date in Perth, Western Australia.

# 1. CHAIRMAN'S LETTER

11 May 2007

Dear Fellow Shareholders,

**Shareholders Entitlements Issue**

To enable Monarch Gold Mining Company Limited to remain debt free and also continue our development from explorer to producer you will have seen recently that we made a placement to sophisticated investors issuing 28 million shares at 25 cents each.

The Company would like to now extend a similar opportunity to our existing shareholders should they wish to subscribe to new shares at 25 cents also.

The Shareholders Entitlements Issue is 1 new share at 25 cents for each existing 4 shares held.

Funds raised will enable our aggressive exploration program to be maintained. The true value driver for resource companies is adding resources and reserves by exploration thereby increasing shareholder value.

The additional funds will be allocated towards completion of our Mt Ida and Minjar acquisitions together with completion of the Davyhurst recommencement costs.

The current Davyhurst program with a head grade of 5.3g/t will produce 125,000ozs of gold per year at a projected cost of US$430/oz.

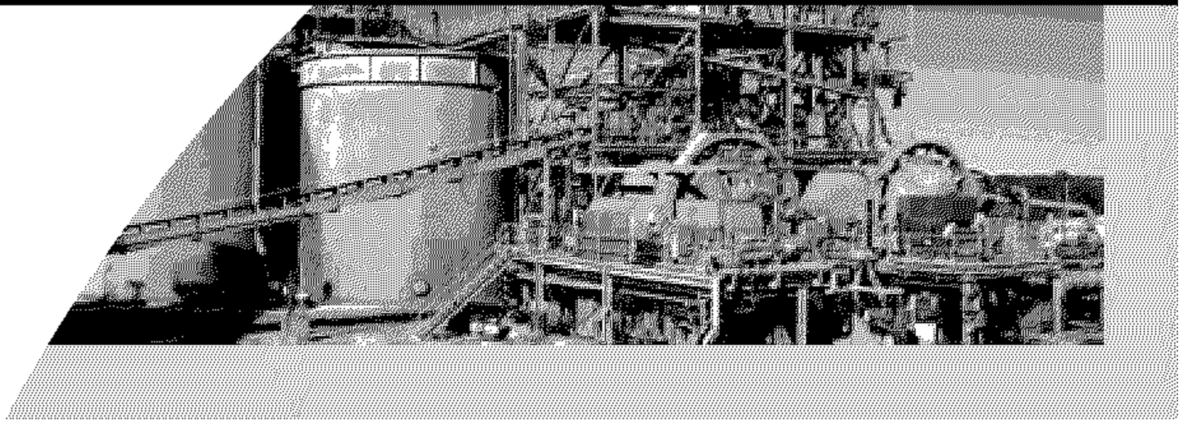
This offer to shareholders is expected to open on 25 May 2007 and close on 8 June 2007. Full details are contained in the attached prospectus.

I wish to advise that I intend personally to take up my full entitlement in this offer.

The Directors are pleased to recommend this issue to our shareholders and look forward to your subscription.

Yours sincerely,

**Michael Kiernan**
Executive Chairman
For and on behalf of
Monarch Gold Mining Company Limited



# 2. DETAILS OF THE OFFER

## 2.1 Non-Renounceable Share Entitlement Offer

By this Prospectus, the Company invites Eligible Shareholders in the Company, to participate in the Non-Renounceable Entitlement Offer and apply for one new Share for each four Shares held by each Eligible Shareholder at the Record Date at an issue price of 25 cents per Share payable in full on application to raise up to approximately $19.5 million (Offer).

Based on the number of Eligible Shareholders as at the date of this Prospectus the number of Shares that may be issued under the Offer is approximately 78,171,395 Shares, if all Eligible Shareholders subscribe for their full entitlement.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

The Offer is not underwritten. If there is a shortfall in acceptances of the Offer by shareholders, the Directors reserve the right to issue the shortfall (if any) at their discretion.



## 2.2 Eligible Shareholders

The Offer will be offered to all shareholders of the Company as at the Record Date who have a registered address in Australia or New Zealand (and who are not a US Person or acting for the account or benefit of a US Person) (**Eligible Shareholder**).

It is unreasonable for the Company to meet the general requirements of the securities laws relating to shareholders other than the Eligible Shareholders, having regard to the number of holders outside of Australia and New Zealand and the cost of complying with legal and regulatory requirements in jurisdictions outside Australia and New Zealand. Accordingly, no entitlement and acceptance forms are being sent to shareholders other than Eligible Shareholders, and this Prospectus is sent to such non-eligible shareholders for information only.

## 2.3 Opening and Closing Dates of the Offer

The Opening Date of the Offer will be 25 May 2007 at 9:00am WDT and the Closing Date will be 8 June 2007 at 5:00pm WDT. The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

## 2.4 Market Price of Fully Paid 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 and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: $0.38 per Share on 11 April 2007.

Lowest: $0.24 per Share on 6 February 2007.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was $0.31 on 10 May 2007.

## 2.5 Minimum Subscription

There is no minimum subscription of the Offer.

# 2. DETAILS OF THE OFFER (CONTINUED)

## 2.6 How to accept the Offer

Your acceptance of the Offer must be made on your personalised Acceptance Form accompanying this Prospectus. Complete your Acceptance Form in accordance with the instructions set out in the Acceptance Form.

You may not accept the Offer for a number of Shares exceeding your maximum entitlement. If your Acceptance Form applies to subscribe for a number of Shares that exceeds your maximum entitlement, your application will be deemed to be an acceptance of the Offer to subscribe for the number of Shares equal to your maximum entitlement.

Completed acceptance forms and accompanying cheques may be mailed or delivered to:

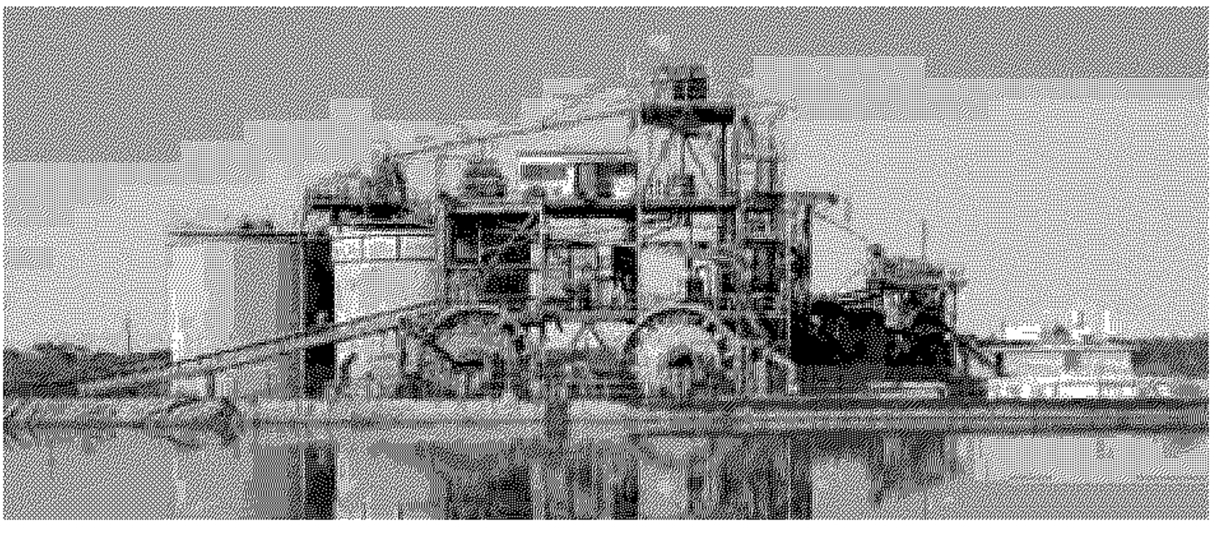
| By Post | By Hand |
|---|---|
| Computershare Investor Services Pty Ltd<br>GPO Box D182<br>PERTH WA 6840 | Computershare Investor Services Pty Ltd<br>Level 2, 45 St. George's Terrace<br>PERTH WA 6000 |

Cheques should be made payable to "Monarch Gold Mining Company Limited - Trust Account" and crossed "Not Negotiable". Completed Acceptance Forms must reach one of the addresses set out above by no later than the Closing Date.

## 2.7 Allotment of new Shares

Allotment of Shares will take place as soon as practicable after the Closing Date. Application moneys will be held in a separate subscription account until allotment. This account will be established and kept by the Company in trust for each applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place and each applicant waives the right to claim any interest.

Where the number of Shares allotted is less than the number applied for, the surplus monies will be returned by cheque as soon as practicable after the Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.



# 2. DETAILS OF THE OFFER (CONTINUED)

## 2.8 ASX Listing and despatch of holding statements

The Company's Shares are currently traded on ASX. Application will be made within 7 days after the date of issue of this Prospectus to ASX for permission for the Shares issued pursuant to this Prospectus to be listed for official quotation by ASX.

In the event that ASX does not grant permission for the official quotation of the Shares within 3 months after the date of issue of this Prospectus (or such period as is varied by the ASIC), none of the Shares offered by this Prospectus will be allotted or issued and the Company will repay all application monies for the Shares within the time period set out under the Corporations Act, without interest.

Holding statements for the new Shares will be despatched by post on or soon after the date of allotment and issue of the new Shares, in accordance with the relevant Listing Rules (please refer also to section 2.10 of this Prospectus which discusses the CHESS sub-register system). A summary of the rights attaching to the new Shares is set out in section 6 of this Prospectus.



## 2.9 Restrictions on the Distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Prospectus is not intended to, and does not, constitute an offer of, or invitation to apply for, securities to shareholders in countries outside Australia.

## 2.10 Clearing House Electronic Sub-Register System ("CHESS") and Issuer Sponsorship

The Company will not be issuing share certificates. The Company participates in CHESS, for those shareholders who have, or wish to have, a sponsoring stockbroker. Shareholders who do not wish to participate through CHESS 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.

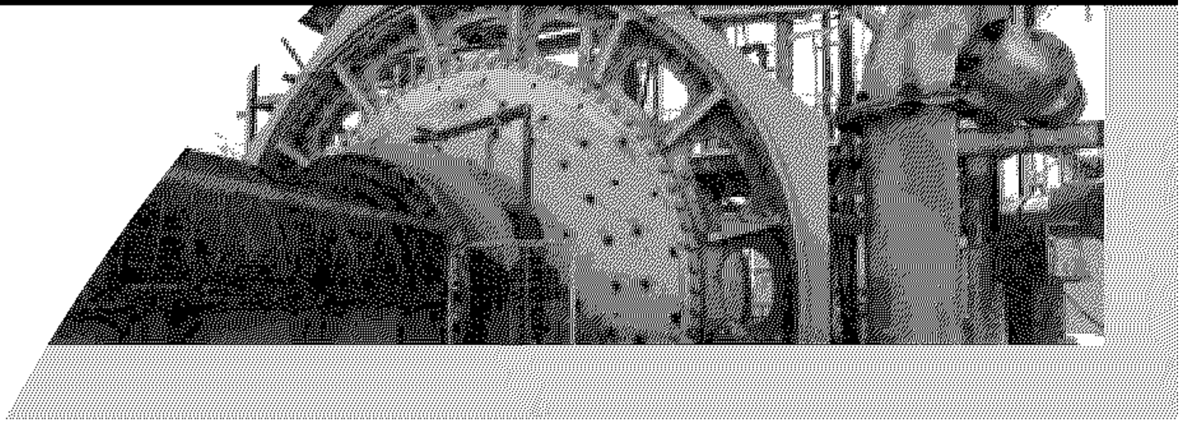
Electronic registers mean that the Company will not issue certificates to shareholders. Instead, shareholders will be provided with a statement that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

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

## 2.11 Dividend Policy

The Company's ability to pay dividends depends on factors such as the earnings, taxation and financial position of the Company. It is the current intention of the Directors to pay dividends if the profitability of the Company's operations permits. The level of franking of any dividends will be determined by the level of Australian tax paid by the Company.

Until the Company generates sufficient profits, it will not be in a position to declare any dividend and, accordingly, the Directors will not formulate a dividend policy until a profit is generated.



# 2. DETAILS OF THE OFFER (CONTINUED)

## 2.12 Taxation

The Company does not propose to give any taxation advice and neither the Company, its Directors nor its officers accept any responsibility or liability for any taxation consequence to applicants. Applicants should consult their own professional tax advisers in regard to taxation implications of the Offer.

## 2.13 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 Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

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

You can access, correct and update the personal information that we hold about you. Please contact the Company or its 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 are governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

## 2.14 Rights Trading

Entitlements to Shares pursuant to the Offer are non-renounceable and accordingly are not able to be traded on the Australian Stock Exchange.

## 2.15 Manager

The Manager of the Offer is Laurence James Kiernan. Mr Kiernan is a related party of the Company for the purposes of the Corporations Act. The management services rendered and to be rendered by the Manager and the remuneration for those management services would be reasonable in the circumstances if the Company and the Manager were dealing at arm's length.

Specifically, the Manager is entitled to a fee in connection with his services as Manager of 1% on all funds raised.

No brokerage or commission is payable by Applicants in respect of Securities issued pursuant to this Prospectus.

## 2.16 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary at the Company's registered office at Level 1, 23 Ventnor Avenue, West Perth, WA 6005 or on 08 9481 6422.

MONARCH GOLD
MINING COMPANY LIMITED

# 3. THE COMPANY

Monarch Gold Mining Company was formed and listed on the ASX in 2002.

The Company currently has a resource base of more than 2.4 million ounces, two state-of-the-art gold treatment plants, and has dominant ground positions in the prolific gold mining region to the north-west of Kalgoorlie.

Since November 2005, Monarch has laid the foundations for its growth as a mid-tier Australian gold production company. Monarch acquired the Davyhurst Gold Project in November 2005, and in 2006 acquired the Minjar gold project. Monarch also completed a merger with Siberia Mining Corporation Limited in 2006, which provided access to Siberia's 1.2 million ounce resource base, and the largest Australian-controlled ground position in the Kalgoorlie region. Monarch also has a tenement package surrounding the historic Bellevue Gold Mine near Leinster. In March 2007, Monarch acquired the rich Mt Ida project, located within 120 kilometres of Monarch's Davyhurst Mill (see further below).

## Growth Strategy



Monarch's growth strategy is focused on four potential production centres in Western Australia:

**Davyhurst** - gold resources of over 2m oz within a 2,000 sq km tenement package and 1.2mtpa gold processing facility (+1.2Moz historic production)

**Mt Ida** - resources are stated as 143,000t at 24.0 g/t containing 110,650 ounces of gold within three areas - the Baldock, Whinnen and Meteor deposits located adjacent to the historic Timoni underground mine which produced 265,000 ounces. Monarch will commence mining in July 2007.

**Minjar** - gold resources of over 400,000oz within a 1,722 sq km tenement package and 600,000tpa gold processing facility (+120,000oz historic production)

**Bellevue** - gold resources of 120,000oz associated with the historic Bellevue Gold Mine, one of WA's premier gold operations (750,000oz historic production)

Monarch's strategy has been to capture opportunities for the consolidation of gold development assets which have not in the past realised their full potential.

Monarch is focussed on gold production, with a target to be producing 500,000oz per annum by December 2009.

## Monarch Update

Over the past 12 months the Company has sought opportunities and is continuing to seek opportunities, to advance its status from an explorer to a producer. Most significantly, the Company announced on 6 March 2007, the go ahead to commence operations for the Company's most advanced project, Davyhurst, following the completion of mine plan optimization. The Company is progressing in accordance with management's programmes and is on target to pour its first gold bar in July 2007.

Importantly, the Company's philosophy for exploration success is underpinned by the commitment to raising sufficient funding to support a significant exploration campaign. As has been recently clearly supported by the Company's commitment to well funded, ongoing exploration in the announcement to the ASX on 17 April 2007, the Company will actively seek to generate sufficient cash from gold production to fund ongoing exploration and development as the key driver of value for Monarch shareholders.

A recent geological study by an independent consulting group has identified over 180 high priority exploration targets. The Company will focus on the most prospective group of these over the next 12 months.

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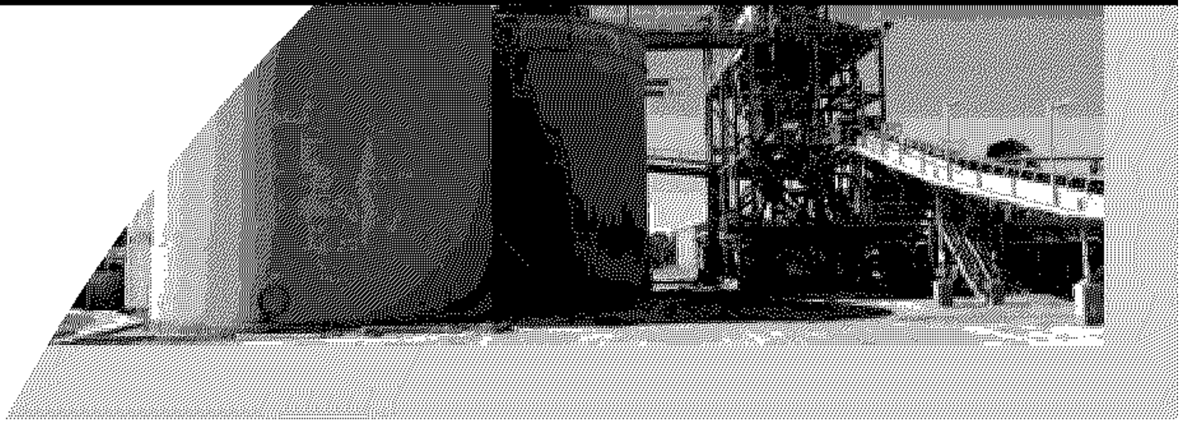


# 3. THE COMPANY (CONTINUED)

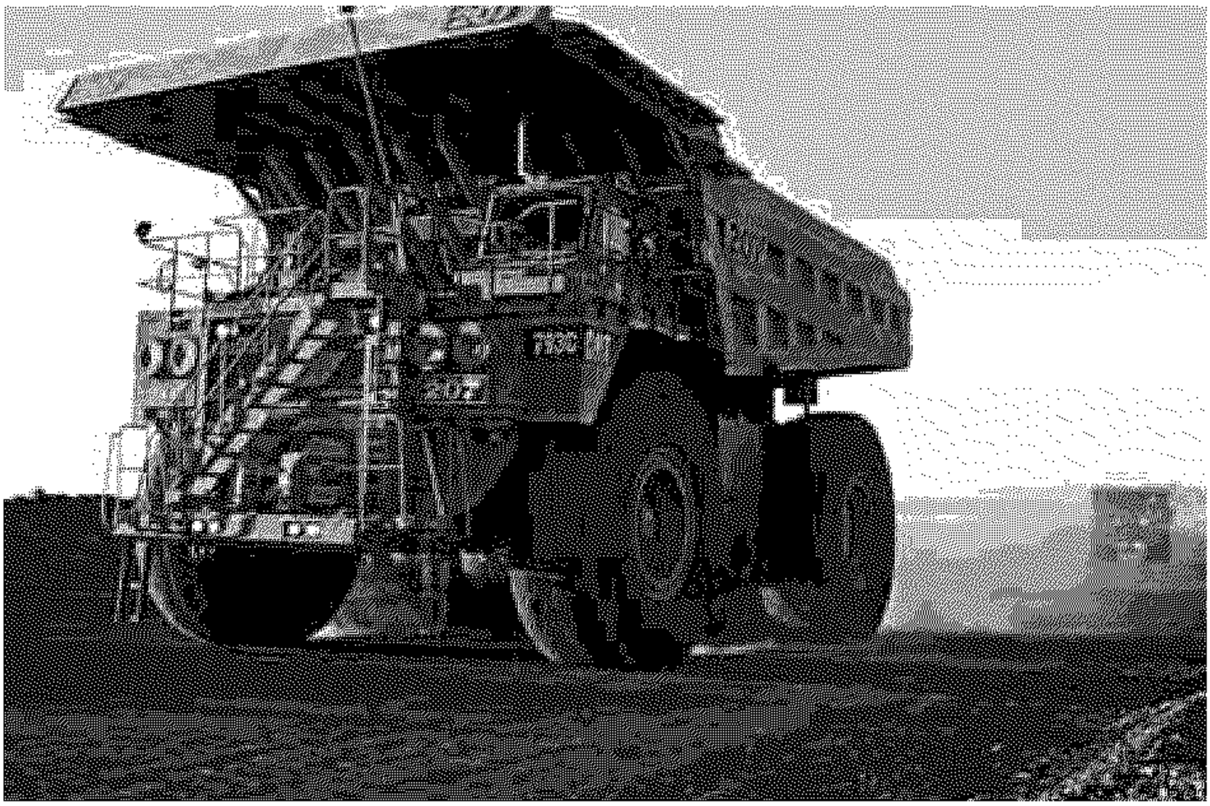
Monarch Directors have a track record of creating value for shareholders and believe in investing their own capital to build a company with a clear future in gold development and production.

The Company has made application for a secondary listing of its securities on the Dubai International Financial Exchange (DIFX). The Company is also reviewing the merits of a secondary listing on London Stock Exchange's Alternate Investment Market (AIM) and is considering an alternate listing on the Toronto Stock Exchange (TSX).

Following a review of capital requirements, a Share Purchase Plan was offered by the board to eligible shareholders in February 2007. This offer was accepted for a total of 13,870,000 shares by approximately 40% of shareholders and raised a total of $3,328,800.

The Company has also, on 11 May 2007, completed a share placement to sophisticated investors. A total of 28,000,000 shares at a price of 25 cents per share were placed. These shares will be allotted on 17 May 2007 and these shareholders will be entitled to participate in this Offer.

Monarch through its wholly owned subsidiary, Mt Ida Gold Pty Ltd, acquired, on a 70% joint venture basis, the mining rights for the high grade Mt Ida gold mine. The total estimated gold resource contained within the Baldock, Whinnen and Meteor lodes currently stands at 110,650 ounces at an average grade of 24.0 g/t Au. The Mt Ida gold mine is located approximately 120kms from the Davyhurst site enabling treatment through the Davyhurst plant.



MONARCH GOLD
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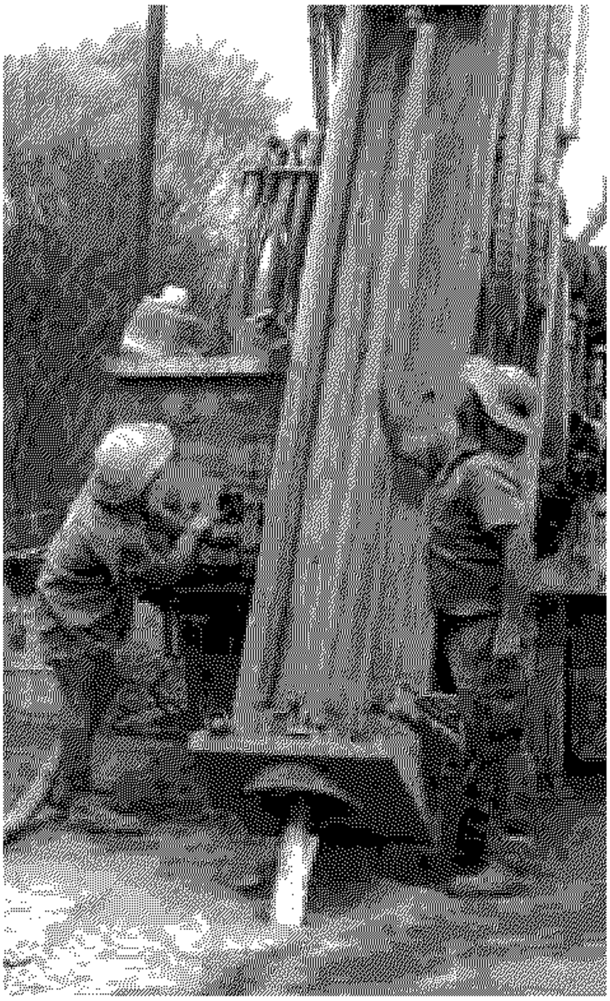
# 3. THE COMPANY (CONTINUED)



Monarch expects to commence production from the Baldock lode in the third quarter of the 2007 calendar year. The Mt Ida acquisition, significantly, provides a strong cash flow and advances achievement of the Company's gold production target of building a 500,000oz per annum company by December 2009.

The rebirth of the Davyhurst asset is following a very clear development timeline culminating in the refurbishment of the 1.2 million tonnes per annum plant in June 2007 Quarter. The Board's objective is for the Company to move from explorer to producer status as quickly and effectively as possible via the commencement of operations at Davyhurst. Monarch's objective is to build a 500,000 ounce gold producer per annum by December 2009, and the development of the Davyhurst and Mt Ida assets will be the first phase of this strategy.

Monarch commenced the refurbishment of the Davyhurst mill in March 2007 following the appointment of processing plant specialists, GR Engineering Services. The refurbishment work to date has been progressing at a pleasing pace and to a high standard.

Other key activities underway at Davyhurst include recruiting of operational employees, gearing up for milling and appointing of mining contractors. Monarch has a major advantage over competitors because the Company already owns a 100+ man camp and the associated infrastructure at Davyhurst all planned to be operational by July 2007.

Importantly, Davyhurst is only one of four gold projects within Monarch's stable. In addition, the Company has acquired large tenement holdings of over 2,000 sq.km. throughout Western Australia and will continue the development program planned to also recommence operations at the Minjar mine north of Perth.

MONARCH GOLD
MINING COMPANY LIMITED

# 4. PURPOSE AND EFFECT OF THE OFFER

## 4.1 Purpose of the Offer

The purpose of the Offer is to give shareholders the opportunity to acquire additional stock if they so wish and to provide working capital to refurbish the Davyhurst mill, bring the Davyhurst mine into production, mining asset acquisitions and for continued mineral exploration. The Offer if fully subscribed will raise approximately $19.5 million. In particular the proceeds of the Offer are intended to be applied as set out in the table below:

| | Full Subscription |
|---|---|
| Davyhurst Plant Refurbishment and Mine Development | $11,000,000 |
| Asset acquisitions | $4,800,000 |
| Working Capital (including administration and exploration) | $2,480,848 |
| Expenses of the Offer | $1,262,000 |
| **Total** | **$19,542,848** |

Monarch's main priority is the commencement of gold production at the Davyhurst mine which is estimated to require funds of up to $11,000,000. Monarch has budgeted costs of $5,000,000 for plant refurbishment of the Davyhurst plant in the first half of the 2007 calendar year and $6,000,000 for mine development costs at Davyhurst and Mt Ida prior to full gold production in July 2007. The Company also anticipates completion of the acquisition of tenements, mining plant and infrastructure at Minjar and the completion of acquisition of the gold reserves at Mt Ida.

The Company has, as at 31 December 2006, approximately $2.58 million of cash on hand. Once the costs of the Offer have been paid, the Company is clearly focussed on using the funds raised to fund the completion of the Davyhurst mill refurbishment, mine development at both Davyhurst and Mt Ida, acquisition of tenements at Minjar and Mt Ida and continued mineral exploration.

To the extent that the Offer is not fully subscribed, then the funds received from the Offer will be applied in a scaled back proportional manner subsequent to the payment of the expenses of the Offer. The Company is currently negotiating a finance facility for the ongoing development of the Company's projects, working capital and acquisitions. The size of this facility may be varied depending on the funds raised under this Offer.

The information set out above is a statement of present intention as at the date of this Prospectus. The use of funds is contingent upon progressive results being favourable. The Directors reserve the right to apply the funds of the Company for the above purpose or for related or other purposes as circumstances dictate. The final allocation of funds may vary from the above depending upon the circumstances in which the business develops and operates.

## 4.2 Effect of the Offer

The principal effect of the Offer will be to:

(a) increase cash reserves by approximately $18.28 million immediately after completion of the Offer and estimated expenses of the Offer, assuming all Shares offered under this Prospectus are issued; and

(b) increase the number of Shares on issue from 312,685,580 Shares as at the date of this Prospectus, to 390,856,975 Shares.

Upon completion of the Offer (assuming the Offer is fully subscribed), the share capital of the Company will be:

| Shares | Number |
|---|---|
| Issued capital at the date of this Prospectus | 312,685,580 |
| Offered pursuant to this Prospectus | 78,171,395 |
| **Post Completion of Offer** | **390,856,975** |

The Company also has 35,100,000 Options on issue as at the date of this Prospectus.

# 5. FINANCIAL INFORMATION

## PRO-FORMA BALANCE SHEET

| | Historical Consolidated As at 31 Dec 2006 | Consolidated Pro-forma adjustments | Pro-forma Consolidated As at 31 Dec 2006 |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 2,586,721 | 26,471,649 | 29,058,370 |
| Trade and other receivables | 635,238 | - | 635,238 |
| Prepayments | 80,463 | - | 80,463 |
| Other financial assets | 1,780,720 | - | 1,780,720 |
| **Total Current Assets** | **5,083,142** | **26,471,649** | **31,554,791** |
| **Non-Current Assets** | | | |
| Property, plant & equipment | 7,606,012 | - | 7,606,012 |
| Deferred exploration expenditure | 45,349,336 | 1,700,000 | 47,049,336 |
| Other financial assets | 1,571,500 | - | 1,571,500 |
| **Total Non-Current Assets** | **54,526,848** | **1,700,000** | **56,226,848** |
| **Total Assets** | **59,609,990** | **28,171,649** | **87,781,639** |
| **Current Liabilities** | | | |
| Trade and other payables | 2,382,754 | - | 2,382,754 |
| Amount payable - Minjar gold project acquisition | 7,500,000 | - | 7,500,000 |
| Interest bearing loans and borrowings | 146,671 | - | 146,671 |
| Provisions | 109,082 | - | 109,082 |
| **Total Current Liabilities** | **10,138,507** | **-** | **10,138,507** |
| **Non-Current Liabilities** | | | |
| Interest bearing loans and borrowings | 484,047 | - | 484,047 |
| Provisions | 3,348,100 | - | 3,348,100 |
| **Total Non-Current Liabilities** | **3,832,147** | **-** | **3,832,147** |
| **Total Liabilities** | **13,970,654** | **-** | **13,970,654** |
| **Net Assets** | **45,639,336** | **28,171,649** | **73,810,985** |
| **Equity** | | | |
| Issued capital | 69,542,150 | 28,171,649 | 97,713,799 |
| Reserves | 2,392,844 | - | 2,392,844 |
| Accumulated losses | (26,337,958) | - | (26,337,958) |
| Total Parent Entity Interest | 45,597,036 | - | 73,768,685 |
| Minority Interests | 42,300 | - | 42,300 |
| **Total Equity** | **45,639,336** | **28,171,649** | **73,810,985** |

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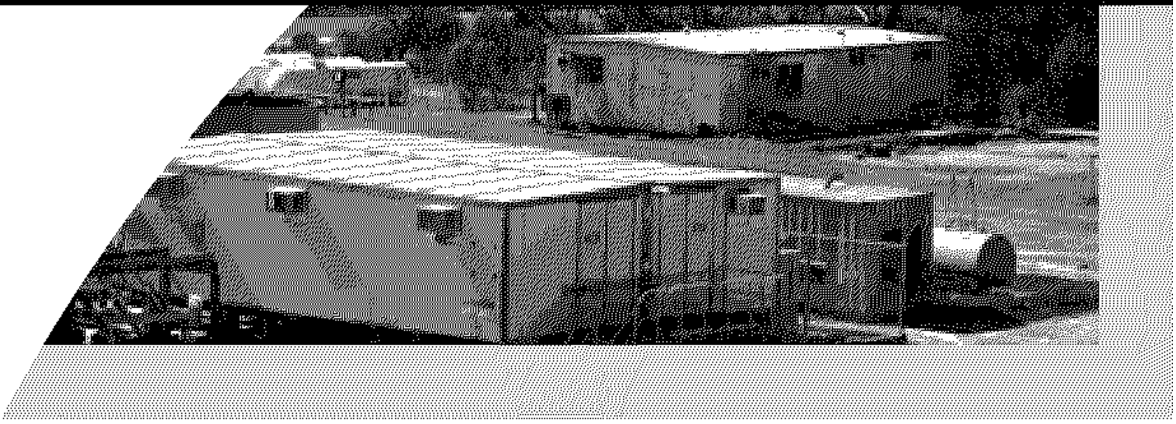


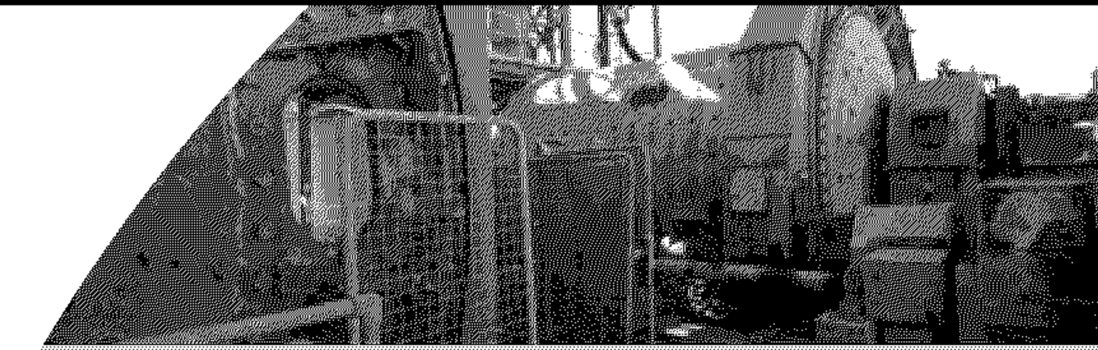
# 5. FINANCIAL INFORMATION (CONTINUED)

This Pro-forma balance sheet has been prepared as if the following transactions had taken place on 31 December 2006:

- issue of 13,870,000 shares at 24 cents per share pursuant the Share Purchase Plan Prospectus which closed on 14 March 2007 and raised $3,328,800;
- payment of the deposit and initial payment for the purchase of the Mt Ida mining assets totalling $1,700,000;
- issue of 28,000,000 shares at 25 cents per share pursuant the placement announced on 11 May 2007 to raise $7,000,000;
- payment and recognition directly in equity of costs incurred by the Company in relation to the placement capital raising estimated to be $438,000;
- issue of 78,171,395 shares at 25 cents per share pursuant the Offer to raise $19,542,848 representing the full entitlement pursuant to the Offer being subscribed on the basis that all shares at the Record Date are held by Eligible Shareholders. As at 10 May 2007, there were 7,098,711 shares held by shareholders outside Australia and New Zealand (representing 2% of the shareholding of the Company). If this position does not change on or before the Record Date, then those shares will not be included in the pro rata issue and the maximum number of shares to be issued pursuant to the Offer would be 76,396,718; and
- payment and recognition directly in equity of costs incurred by the Company in relation to the Offer capital raising estimated to be $1,262,000.

Save for the matters described above, no adjustment has been made for events or transactions that have taken place since 31 December 2006. Should the issue of shares be less than the full entitlement pursuant to the Offer the Cash and Issued Capital shown in the Pro-forma balance sheet will be reduced. In these circumstances a revised Pro-Forma Balance Sheet reflecting the actual funds raised under the Offer will be published to the ASX announcement platform.





# 6. RIGHTS ATTACHING TO SHARES

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

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

## 6.1 Rights attaching to Shares

**(a) General Meetings**

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

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



**(b) Voting Rights**

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

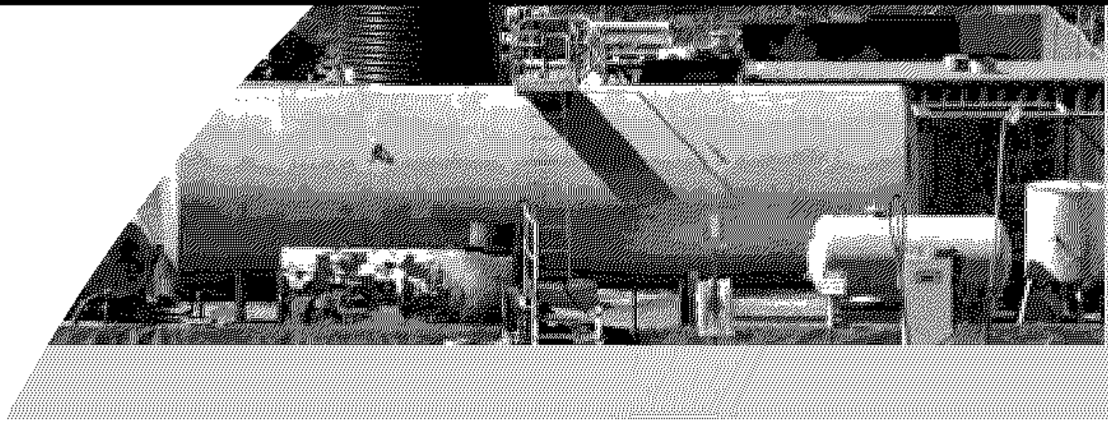
(i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote for each partly paid share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored when calculating the proportion.

**(c) Dividend Rights**

Subject to the rights of persons (if any) entitled to shares with special rights to dividend, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividend shall carry interest as against the Company subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividends is paid unless any share is issued on terms providing to the contrary, all dividends are to be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. An amount paid or credited as paid on a share in advance of a call is not to be taken as paid or credited as paid on the share for the purposes of determining the payment of the dividend.



# 6. RIGHTS ATTACHING TO SHARES (CONTINUED)

**(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. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities and which are subject to escrow restrictions at the time of the commencement of the winding up shall rank in priority after all other shares.

**(e) Transfer of Shares**

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



**(f) Variation of Rights**

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

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

The Shares are quoted on ASX.

# 7. RISK FACTORS

## 7.1 General

The Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business. The future profitability of the Company will be dependent on the successful commercial exploitation of its business and operations.

Whilst the Directors recommend the Offer, there are numerous risk factors involved. The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential shareholders should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for the Shares.

Factors which may affect the Company's financial position, prospects and the price of its listed securities include the following:

## 7.2 Economic Risks



General economic conditions may affect interest rates and inflation rates. Movements in these rates may have an impact on the price of the Company's listed securities.

Further, share market conditions may affect the price of the Company's listed securities regardless of operating performance.

Share market conditions are affected by many factors such as:

- general economic outlook,
- movements in or outlook on interest rates and inflation rates,
- currency fluctuations,
- commodity prices,
- changes in investor sentiment towards particular market sectors, and
- the demand and supply for capital.

## 7.3 Exploration, Development, Mining and Processing Risks

The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable ore reserves,
- successful conclusions to bankable feasibility studies,
- access to adequate capital for project development,
- design and construction of efficient mining and processing facilities within capital expenditure budgets,
- securing and maintaining title to tenements,
- obtaining consents and approvals necessary for the conduct of exploration and mining, and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

# 7. RISK FACTORS (CONTINUED)

## 7.4 Native Title

Both the Native Title Act 1993 (Commonwealth), related State Native Title legislation and Aboriginal Land Rights and Aboriginal Heritage legislation may affect the Company's ability to gain access to prospective exploration areas or obtain production titles.

Compensatory obligations may be necessary in settling Native Title claims if lodged over any tenements acquired by the Company. The existence of outstanding registered Native Title claims means that the grant of a tenement in respect of a particular tenement application may be significantly delayed or thwarted pending resolution of future act procedures in the Native Title Act. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company. At this stage it is not possible to quantify the impact (if any) which these developments may have on the operations of the Company.

## 7.5 Risks Specific to the Company's Projects

The Company's projects represent the main business activity and focus of the Company. Risks specific to these projects include the following:



**Resource Estimate**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative affect on the Company's operations.

**Operating Risks**

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

- adverse geological conditions,
- limitations on activities due to seasonal weather patterns and cyclone activity,
- unanticipated operational and technical difficulties encountered in seismic survey, drilling and production activities,
- mechanical failure of operating plant and equipment,
- industrial and environmental accidents, industrial disputes and other force majeure events,
- unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations,
- unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment, and
- inability to obtain consents or approvals.

# 7. RISK FACTORS (CONTINUED)

**Commodity Price, Volatility and Exchange Rate Risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are effected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities 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 Australia dollar as determined in international markets.

**Environmental Matters**

The Company's projects are subject to Commonwealth and State laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by the conditions attaching to the Tenements.

**Joint Venture Risks**

The future viability and success of any joint ventures entered into by the Company or its subsidiaries or any future joint ventures entered into by the Company or its subsidiaries could be affected by the financial failure or default of any of the joint venture participants.

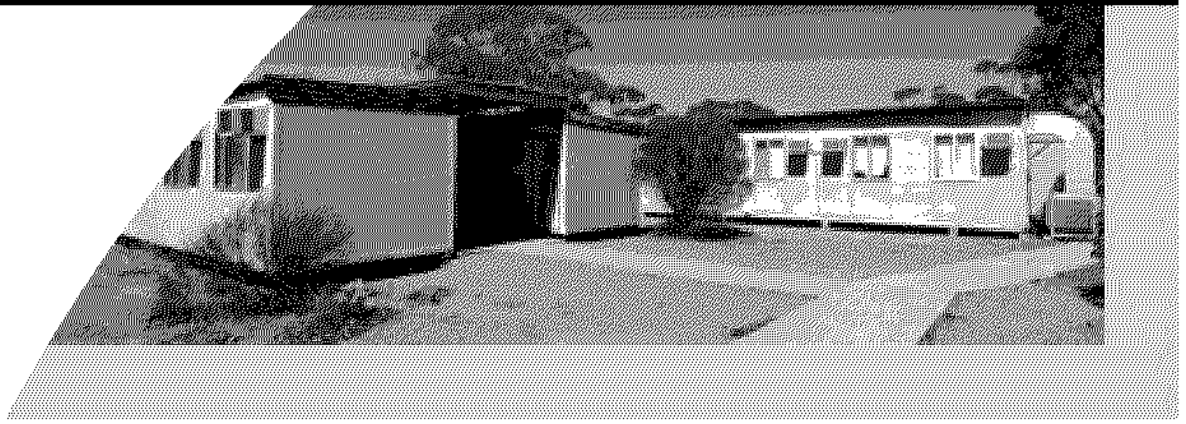
**Funding**

The future capital requirements of the Company will depend on many factors. The Company believes its cash, receivables and net proceeds of this Offer are adequate to fund continued exploration and resource development of the Company's projects, acquisitions and operations. Operations are continuing to ramp up and there can be no guarantee future performance will meet the designed schedule.

Should the Company require additional funding, there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance if required would have a material adverse affect on the Company's business and its financial condition and performance.

**Occupational, Health and Safety Risk**

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Mining activities have inherent risks and hazards. The Company provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems.



# 8. ADDITIONAL INFORMATION

## 8.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares that will be issued pursuant to this Prospectus will be in the same class of Shares that have been quoted on the official list of ASX during the 12 months prior to the issue of this Prospectus.

In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the 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.

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

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

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

(a) it is subject to regular reporting and disclosure obligations;

(b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

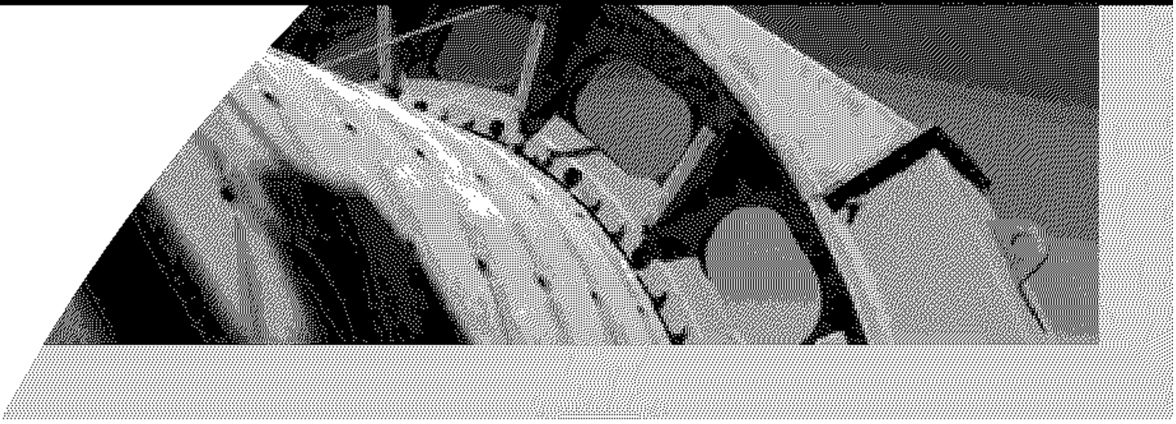
(c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

    (i) the annual financial report most recently lodged by the Company with the ASIC;

    (ii) any half year financial report lodged with the ASIC by the Company 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 notices given by the Company 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.



# 8. ADDITIONAL INFORMATION (CONTINUED)

For details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report refer to the table set out below.

| Date | Description of Announcement |
|---|---|
| 08/05/2007 | Presentation to Sydney Resources Round Up Conference |
| 07/05/2007 | Production Update - Mining in May |
| 30/04/2007 | Third Quarter Activities & Cashflow Reports |
| 17/04/2007 | Exploration Update |
| 03/04/2007 | IGC ann: Mt Ida Sale & Genorah Farm In Update |
| 22/03/2007 | Appendix 3B |
| 19/03/2007 | Share Purchase Plan Completed |
| 16/03/2007 | Half Year Accounts |
| 08/03/2007 | Open Briefing Monarch Gold Moving towards Production |
| 06/03/2007 | Davyhurst Go Ahead |
| 01/03/2007 | Initial Director's Interest Notice |
| 01/03/2007 | Appointment of new Director |
| 26/02/2007 | IGC ann: Monarch Buys Mt Ida Gold Assets |
| 26/02/2007 | Acquires rights to rich Mt Ida Gold Mine |
| 21/02/2007 | Change of Director's Interest Notice |
| 02/02/2007 | Appendix 3B: Share Purchase Plan Prospectus |
| 02/02/2007 | Share Purchase Plan Prospectus |
| 01/02/2007 | Shareholders Share Purchase Plan |
| 31/01/2007 | Second Quarter Activities & Cashflow Reports |
| 30/01/2007 | Change of Director's Interest Notice |
| 17/01/2007 | Change of Director's Interest Notice |
| 12/01/2007 | Change in substantial holding |
| 11/01/2007 | Change of Director's Interest Notice |
| 11/01/2007 | Change in substantial holding x2 |
| 21/12/2006 | Initial Director's Interest Notice |
| 21/12/2006 | Appointment of new director |
| 18/12/2006 | Ceasing to be a substantial holder |
| 11/12/2006 | Appendix 3B |
| 11/12/2006 | Appendix 3B |
| 11/12/2006 | Open Briefing. Monarch Gold. Production & Exploration Update |
| 05/12/2006 | Production Update |
| 04/12/2006 | TAM: Tanami Gold - Monarch Cease Merger Discussions |

# 8. ADDITIONAL INFORMATION (CONTINUED)

| Date | Description of Announcement |
|---|---|
| 04/12/2006 | Monarch - Tanami conclude merger discussions |
| 16/11/2006 | Results of Annual General Meeting |
| 16/11/2006 | AGM Presentation |
| 15/11/2006 | Becoming a substantial holder |
| 13/11/2006 | TAM Update on Monarch Merger |
| 13/11/2006 | Change in substantial holding |
| 10/11/2006 | Completion of share placement |
| 02/11/2006 | Results of Meeting |
| 31/10/2006 | Tanami placement and merger discussions |
| 31/10/2006 | TAM Share Placement to Monarch/Commence Merger Discussions |
| 30/10/2006 | First Quarter Activities & Cashflow Reports |
| 30/10/2006 | Final Director's Interest Notice |
| 30/10/2006 | Retirement of Non-executive Director |
| 27/10/2006 | Appointment of Chief Financial Officer |
| 16/10/2006 | Annual Report |
| 16/10/2006 | Notice of Annual General Meeting |
| 03/10/2006 | Notice of 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 hours.

## 8.2 Consents

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

Allens Arthur Robinson has given its written consent to being named as solicitors for the Company and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has given its written consent to being named as the Company's share registry and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

None of the entities referred to in this Section have authorised or caused the issue of this Prospectus and do not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

# 8. ADDITIONAL INFORMATION (CONTINUED)

## 8.3 Directors' Interests

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

(a) the promotion or formation of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares pursuant to this Prospectus; or

(c) the offer of Shares pursuant to this Prospectus,

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

Each Director's interests in Shares and Options at the date of this Prospectus are:

| Director | Shares | Options |
|---|---|---|
| Michael L Kiernan | 32,500,000 | 10,000,000 |
| Allan J Quadrio | 100,000 | 5,000,000 |
| John M Davis | 200,000 | 5,100,000 |
| Phillip P Botsis | 3,852,625 | Nil |
| Michael A Etheridge | 250,000 | Nil |
| David J Humann | Nil | Nil |
| David M Macoboy | 2,018,500 | 2,000,000 |
| John McKee | Nil | Nil |

The Constitution of the Company provide that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, where notice of the amount of the suggested increase and the maximum sum that may be paid shall have been given to shareholders in the notice convening the meeting.

The Company has in the last two years paid $319,612 in 2006 and paid $84,837 in 2005 by way of remuneration for services provided by the Directors, companies associated with the Directors or their associates in their capacity as directors, consultants or advisers. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

# 8. ADDITIONAL INFORMATION (CONTINUED)

The table below sets out the remuneration (excluding share based payments for Options granted) provided to the current Directors of the Company and their associated companies during the last financial year prior to the date of this Prospectus and their current remuneration at the date of this Prospectus, inclusive of directors fees and consultancy fees.

| Director | Year Ended 30 June 2006 | Current |
|---|---|---|
| Michael L Kiernan | Nil | Nil |
| Allan J Quadrio | Nil | 241,836 |
| John M Davis | 230,816 | 211,426 |
| Phillip P Botsis | 33,637 | 30,650 |
| Michael A Etheridge (i) | Nil | 15,721 |
| David J Humann (ii) | Nil | 5,438 |
| David M Macoboy | Nil | 14,988 |
| John McKee | 4,337 | 35,425 |

(i) Dr Etheridge was appointed as a director on 20 December 2006.

(ii) Mr Humann was appointed as a director on 23 February 2007.



## 8.4 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert nor any organisation in which such expert has an interest, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

(a) the promotion or formation of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares pursuant to this Prospectus; or

(c) the offer of Shares pursuant to this Prospectus,

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

Allens Arthur Robinson act as solicitors to the Company for the Offer. Allens Arthur Robinson will be paid approximately $45,000 for services provided in relation to this Prospectus. In the last 2 years Allens Arthur Robinson has not received any payment for their services.

# 8. ADDITIONAL INFORMATION (CONTINUED)

## 8.5 Estimated Expenses of Offer

The estimated expenses of the Offer (exclusive of GST) are as follows:

| Item | $ |
|---|---|
| ASX Fees | 24,160 |
| ASIC Fees | 2,000 |
| Brokers Fees | 977,142 |
| Manager's Fee | 195,428 |
| Legal Expenses | 45,000 |
| Print and Mailing Expenses | 11,500 |
| Share Registry and Other Expenses | 6,770 |
| **Total** | **$1,262,000** |



## 8.6 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic acceptance form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic acceptance 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 Acceptance Form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Acceptance 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.

## 8.7 Taxation

Shareholders should be aware that there may be taxation implications of subscribing for and being issued with new Shares. In particular, we note that shareholders should seek independent advice in respect of the impact of a recent decision in the High Court of Australia (Commissioner of Taxation v McNeil) to the Offer as it relates to their affairs. The Australian Taxation Office has not yet indicated if it considers that that decision has application to non-renounceable rights issues such as the Offer, however, if it considers so, shareholders may be assessable to income tax at the time of receipt of renounceable rights, on the market value of those renounceable rights at that time. Shareholders should consult their own personal tax adviser to obtain advice in relation to the taxation laws and regulations applicable to their own circumstances.

# 9. DIRECTORS' CONSENT

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 in writing to the lodgement of this Prospectus with the ASIC.

**Michael Kiernan**
Executive Chairman
For and on behalf of
Monarch Gold Mining Company Limited

# 10. DEFINITIONS

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

**Applicant** means a shareholder that applies for Shares using an Acceptance Form pursuant to this Prospectus.

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

**ASX** means ASX Limited (ABN 98 008 624 691).

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

**Closing Date** means the closing date for receipt of Acceptance Forms under this Prospectus as set out in Section 2.3.

**Company** or **Monarch** means Monarch Gold Mining Company Limited (ABN 69 100 038 266).

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

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



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

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

**Eligible Shareholder** has the meaning given in section 2.2 of this Prospectus.

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

**Offer** means the proposed issue of Shares referred to in the "Details of the Offer" section of this Prospectus.

**Offer** means the offer of Shares for purchase by Shareholders.

**Opening Date** means the opening date for receipt of Acceptance Forms under this Prospectus as set out in Section 2.3.

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

**Prospectus** means this Prospectus.

**Record Date** means 5:00pm (Perth Time) on 23 May 2007.

**Shares** means the Shares the subject of the Offer.

**Share** means a fully paid ordinary share in the capital of the Company and where the context permits means the Shares the subject of the Offer.

**WDT** means Western Daylight Time.

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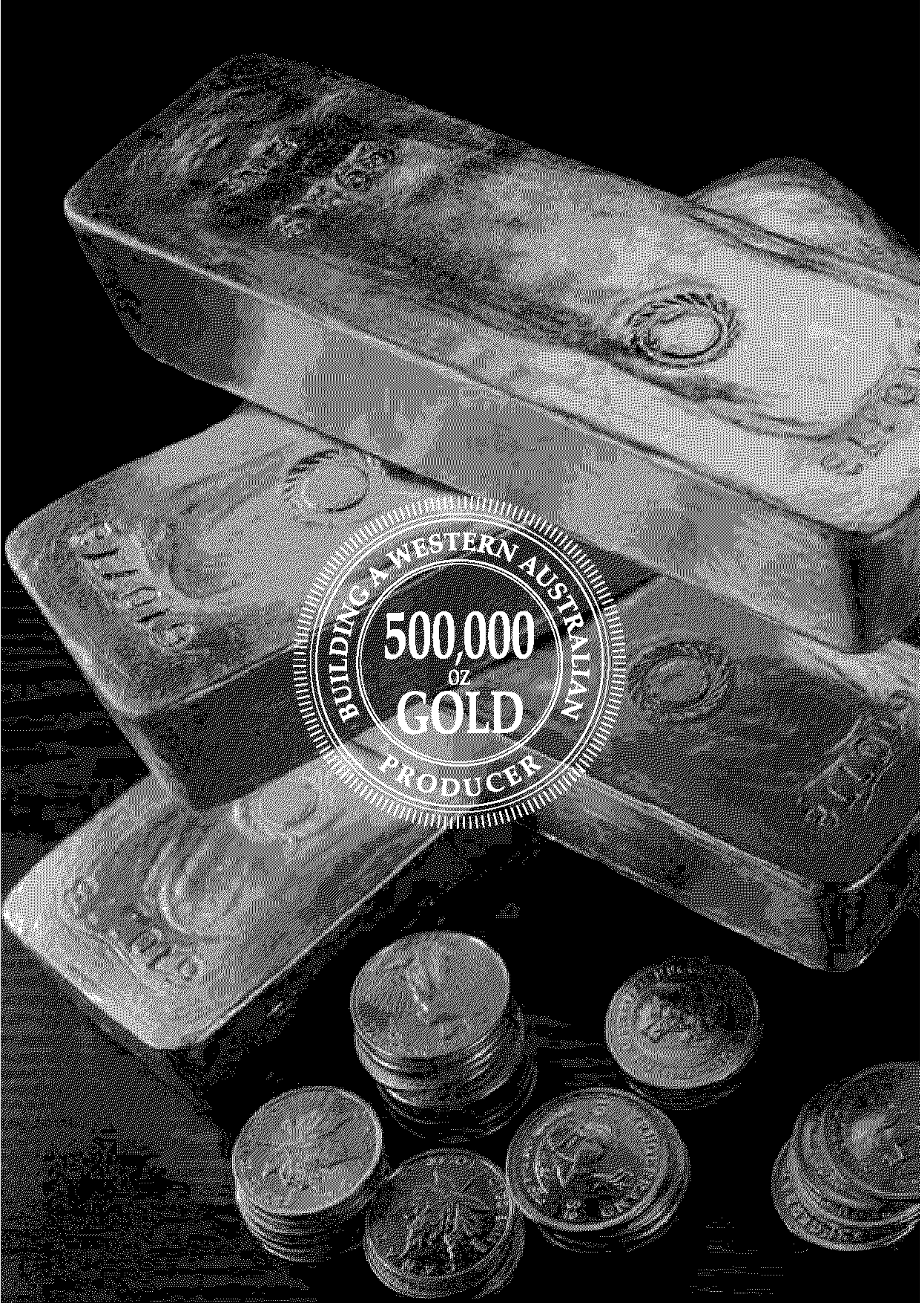
BUILDING A WESTERN AUSTRALIAN
500,000
OZ
GOLD
PRODUCER

MONARCH GOLD
MINING COMPANY LIMITED

23 VENTNOR AVENUE, WEST PERTH WA 6005
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ASX Code: MON