

# Prospectus

## Alara Resources Limited

ABN 27 122 892 719

For:

- a renounceable pro rata offer to Eligible Shareholders of one New Share for every one Existing Share at an issue price of \$0.01 per New Share with 1 free attaching New Option (exercisable at \$0.02 on or before 30 April 2017) for every one New Share issued to raise up to \$2.48 million before issue costs (**Offer**); and
- an offer of Shortfall Securities on terms set out in section 8.7 (**Shortfall Offer**).

Lead Manager and Underwriter - Patersons Securities Limited

ASX Code: AUQ

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Shares offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

**Important Notice:** This Prospectus is dated 15 October 2015 and was lodged with ASIC on that date. Application will be made to ASX for quotation of the New Shares offered under this Prospectus within 7 days of this date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

**Nature of this Prospectus:** The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the date of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities (or options to acquire securities) in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the offer on the issuing company and the rights and liabilities attaching to the securities offered. 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 contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

**Prospectus availability:** Eligible Shareholders can obtain a copy of this Prospectus during the offer period on the Company's website at [www.alararesources.com](http://www.alararesources.com) or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalised Entitlement and Acceptance Form. Eligible Shareholders will only be able to accept the Offer by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 7.8 of this Prospectus for further information).

**Foreign jurisdictions:** The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

**Disclaimer of representations:** No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

**Forward looking statements:** This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

**Privacy:** Eligible Shareholders should read the privacy information located in section 8.17 of this Prospectus. By submitting an Entitlement and Acceptance Form for the Offer, you consent to the matters outlined in that section.

**Definitions:** Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

**Enquiries:** If you have any questions please call the Company Secretary on +61 8 9481 0389 at any time between 9.00am and 5.00pm (WST time) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

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## Corporate Directory

### Directors

Mr James Phipps (Non-Executive Chairman)  
Mr Justin Richard (Managing Director)  
Mr Shanker Madan (Technical Director)  
Mr AV Sthapak (Non-Executive Director)  
Mr Ian Gregory (Alternate Director)

### Company Secretary

Ms Elizabeth Hunt  
Mr Ian Gregory

### Website

[www.alararesources.com](http://www.alararesources.com)

### Registered and Principal Office

Level 11, 216 St Georges Tce  
Perth WA 6000

Tel: +61 8 9481 0389

Fax: +61 8 9463 6103

Email: [info@alararesources.com](mailto:info@alararesources.com)

### Share Registry\*

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands WA 6009

Tel: +61 8 9389 8033

Fax: +61 8 9262 3723

### Lead Manager and Underwriter

Patersons Securities Limited  
Level 23, 2 The Esplanade  
Perth WA 6000

### Solicitors to the Offer

Kings Park Corporate Lawyers  
Level 2, 45 Richardson Street  
West Perth WA 6005

### Auditor\*

Grant Thornton Audit Pty Ltd  
Level 1, 10 Kings Park Road  
West Perth WA 6005

\*This party is named for informational purposes only and was not involved in the preparation of this Prospectus

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## 1 TIMETABLE

Prospectus lodged with ASIC and ASX	15 October 2015
Ex Date - Shares trade ex Entitlement	20 October 2015
Rights trading commences	20 October 2015
Record date to determine Entitlement ( <b>Record Date</b> )	22 October 2015
Prospectus with Entitlement and Acceptance Form dispatched	26 October 2015
Offer opens for receipt of Applications	26 October 2015
Rights trading ends	28 October 2015
Closing date for acceptances ( <b>Closing Date</b> )	5 November 2015
Notify ASX of Shortfall	10 November 2015
Issue of New Securities	12 November 2015
Deferred settlement trading ends	12 November 2015
Dispatch of shareholding statements	12 November 2015
Normal trading of New Securities expected to commence	13 November 2015

The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than 3 months after the date of this Prospectus. As such the date the New Securities are expected to commence trading on ASX may vary.

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## 2 KEY OFFER TERMS AND CAPITAL STRUCTURE

Existing Shares <sup>1</sup>	248,007,500
Options currently on issue <sup>1 and 2</sup>	10,000,000
New Shares offered under the Prospectus at \$0.01 per Share <sup>1</sup>	248,007,500
New Options offered under the Prospectus exercisable at \$0.02 on or before 30 April 2017 <sup>3</sup>	248,007,500
Amount raised under the Offer <sup>1</sup> (before costs)	\$2,480,075

<sup>1</sup> This assumes no further Shares issued or Options exercised before the Record Date.

<sup>2</sup> See section 5.4 for a list of the Company's Options on issue.

<sup>3</sup> See section 9.2 for full terms and conditions of the New Options.

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### 3 CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of Alara, I am pleased to invite you to participate in a 1 for 1 renounceable pro-rata entitlement offer at an issue price of \$0.01 per New Share to raise up to approximately \$2,480,075 (before costs). The issue price represents a 50% discount to the one month volume weighted average price of \$0.02 prior to the announcement to ASX on 13 October 2015.

The Company's Washihi Copper-Gold Project contains one of Oman's largest JORC Copper deposits and is considered large enough to be developed as a stand-alone project, and may be further enhanced once the Exploration Target is fully developed.

The Company's joint venture partners in Oman and the local community are most keen to see the project advanced.

In August the Company announced commencement of a feasibility study in Oman. The feasibility study follows a series of earlier studies on the Washihi and Daris projects and is being managed by Alara's Technical Director Mr Shanker Madan.

There is also potential for a regional consolidation strategy that would involve combining the Washihi ore body with other known copper deposits in Oman. The advantages of this approach include:

- It provides for the development of the original 'Target Case' without requiring further exploration work up front;
- It allows for a new process plant Capex to be shared across two or more projects and therefore improves the overall returns for all shareholders; and
- It opens up other opportunities (e.g. railway and other infrastructure options) which are not viable on smaller projects.

While Alara's flagship Zinc-Copper Project in Saudi Arabia remains subject to a legal dispute with the joint venture partner (Manajem), the Company remains committed to defending its interest in this Project and has taken positive steps to prepare for contingencies<sup>1</sup>, including the establishment of a new joint venture arrangement with Bayan Mining Company LLC.

Given the Company's sizeable investment in a Definitive Feasibility Study showing positive economic results<sup>2</sup> and the Saudi Government's commitment to the

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<sup>1</sup> Refer ASX Announcements dated 21 July 2015: "Alara Announces new JV partner in Saudi Arabia", 20 August 2015: "Alara and Bayan Extend Framework Agreement" and 18 September 2015: "Khnaiguiyah Project Update".

<sup>2</sup> Refer ASX Announcement dated 30 April 2015: "Positive DFS - Khnaiguiyah Zinc-Copper Project"

development of the mining industry, it is seen as a matter of time before the Khnaiguiyah Zinc-Copper mine advances towards production.

Proceeds from this rights issue will be applied towards:

- (a) Development of Exploration Targets at the Washihi / Daris site plus upgraded resource definition and/or resource acquisition to extend the “base case’ and establish the ‘target case’; and
- (b) Preservation of the company’s interests in the Khnaiguiyah Zinc-Copper project in Saudi Arabia.

Full details of the proposed use of funds are set out in section 5.2.

This Prospectus and personalised Entitlement and Acceptance Form should be read carefully and in their entirety before deciding whether to participate in this Offer. In particular Eligible Shareholders should consider the key risk factors outlined in section 6 of this Prospectus.

On behalf of your Board, I invite you to consider this investment opportunity and thank you for your ongoing support for the Company.

Yours faithfully,

James Phipps  
Chairman

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#### 4 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

Question	Response	Where to find more information
What is the Offer?	<p>1 New Share for every 1 Existing Share held by Eligible Shareholders on the Record Date at an issue price of \$0.01 per New Share, with 1 free attaching New Option for every New Share issued exercisable at \$0.02 on or before 30 April 2017.</p> <p>Application will be made for the New Shares to be quoted on ASX.</p> <p>The Offer will raise up to \$2,480,075 (before costs) if fully subscribed, and is underwritten for \$500,000 by Patersons Securities Limited.</p>	Section 5.1
Can I apply for Shortfall Securities?	<p>Any New Shares under the Offer that are not applied for by the Closing Date will become Shortfall Securities. The Shortfall Offer is an offer to issue Shortfall Securities and is a separate offer under this Prospectus.</p> <p>Eligible Shareholders may apply for Shortfall Securities in excess of their Entitlement by following the instructions in section 7.3. There is no guarantee that any Shortfall Securities will be issued to Eligible Shareholders under the Shortfall Offer.</p>	Section 8.7
Am I an Eligible Shareholder?	<p>The Offer is only made to Eligible Shareholders, who:</p> <ul style="list-style-type: none"><li>(a) are the registered holders of Shares as at 7pm (AEDT) on the Record Date; and</li><li>(b) have a registered address in Australia or New Zealand.</li></ul>	Section 8.4

Question	Response	Where to find more information																					
How will the proceeds of the Offer be used?	<p>The Company intends to use the funds raised from the Offer broadly as follows:</p> <table border="1" data-bbox="528 427 1217 965"> <thead> <tr> <th data-bbox="528 427 831 533">Use of funds</th> <th data-bbox="831 427 1038 533">Underwritten Amount (\$500,000)</th> <th data-bbox="1038 427 1217 533">Full Subscription (\$2,480,075)</th> </tr> </thead> <tbody> <tr> <td data-bbox="528 533 831 607">Further exploration on Washihi / Daris</td> <td data-bbox="831 533 1038 607">\$150,000</td> <td data-bbox="1038 533 1217 607">\$1,595,504</td> </tr> <tr> <td data-bbox="528 607 831 663">Oman Licensing</td> <td data-bbox="831 607 1038 663">-</td> <td data-bbox="1038 607 1217 663">\$90,857</td> </tr> <tr> <td data-bbox="528 663 831 763">Saudi Licensing &amp; Exploration</td> <td data-bbox="831 663 1038 763">-</td> <td data-bbox="1038 663 1217 763">\$215,714</td> </tr> <tr> <td data-bbox="528 763 831 842">General working capital</td> <td data-bbox="831 763 1038 842">\$260,000</td> <td data-bbox="1038 763 1217 842">\$488,000</td> </tr> <tr> <td data-bbox="528 842 831 898">Costs of the Offer<sup>1</sup></td> <td data-bbox="831 842 1038 898">\$90,000</td> <td data-bbox="1038 842 1217 898">\$90,000</td> </tr> <tr> <td data-bbox="528 898 831 965">Total</td> <td data-bbox="831 898 1038 965">\$500,000</td> <td data-bbox="1038 898 1217 965">\$2,480,075</td> </tr> </tbody> </table> <p data-bbox="528 987 1217 1066"><sup>1</sup> Excluding any placement fee of 5% on placing any Shortfall Securities.</p>	Use of funds	Underwritten Amount (\$500,000)	Full Subscription (\$2,480,075)	Further exploration on Washihi / Daris	\$150,000	\$1,595,504	Oman Licensing	-	\$90,857	Saudi Licensing & Exploration	-	\$215,714	General working capital	\$260,000	\$488,000	Costs of the Offer <sup>1</sup>	\$90,000	\$90,000	Total	\$500,000	\$2,480,075	Section 5.2
Use of funds	Underwritten Amount (\$500,000)	Full Subscription (\$2,480,075)																					
Further exploration on Washihi / Daris	\$150,000	\$1,595,504																					
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Costs of the Offer <sup>1</sup>	\$90,000	\$90,000																					
Total	\$500,000	\$2,480,075																					
What are the key risks of a subscription under the Offer?	<p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <ul data-bbox="528 1279 1217 1890" style="list-style-type: none"> <li data-bbox="528 1279 1217 1491">• The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing exploration commitments and for working capital.</li> <li data-bbox="528 1503 1217 1671">• Legal risk - the Company is currently in dispute with its Khnaiguiyah Joint Venture partner, United Arabian Mining Company. See section 6.2(d)</li> <li data-bbox="528 1682 1217 1890">• Title risk - there is a risk that the Company (including its joint venture entities/partners) could lose title to one or more of its licences if licence conditions are not met. See section 6.2(e)</li> </ul>	Section 6																					

Question	Response	Where to find more information
	<ul style="list-style-type: none"> <li>• Exploration risks -the Company’s Washihi/Daris project includes measured, indicated and inferred resources and an exploration target<sup>3</sup>, and carries exploration risk.</li> <li>• As a junior explorer with no production or income, the Company is exposed to general market and economic condition risks.</li> </ul> <p>Please carefully consider these risks and additional risks contained in section 6 and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares.</p>	
Is the Offer underwritten?	<p>The Offer is partially underwritten by Patersons Securities Limited for up to 50,000,000 New Shares or \$500,000.</p> <p>The underwriting is conditional upon certain conditions and terminating events customarily found in underwriting agreements for issuers in the Company’s circumstances, including if the Company’s Share price traded on ASX falls below the Issue Price.</p>	Section 8.5
Is the Offer subject to any Conditions?	<p>No, although the Company reserves the right to withdraw the Offer at any time, in which case all application monies received will be returned without interest.</p>	Section 8.2
What will be the effect of the Offer on control of the Company?	<p>The Offer is not expected to have any effect on control of the Company.</p>	Section 5.5
How do I apply for New Shares and Shortfall Securities	<p>Applications for New Shares and Shortfall Securities can be made by Eligible Shareholders completing the relevant sections of the personalised Entitlement and Acceptance Form</p>	Section 7

<sup>3</sup> Refer ASX Announcements dated 13 October 2015: "Rights issue to raise up to \$2.48m"

Question	Response	Where to find more information
under the Offer?	and sending it to the Share Registry together with payment by cheque or BPAY in the amount of Entitlement and Shortfall Securities applied for.	
How will the Shortfall Securities be allocated?	<p>Shortfall Securities will be allocated:</p> <ul style="list-style-type: none"> <li>(a) firstly, to Shareholders who apply for Shortfall Securities, and who hold less than a marketable parcel (to the extent required for them to each have a marketable parcel);</li> <li>(b) secondly, to Shareholders who apply for Shortfall Securities, in proportion to their applications;</li> <li>(c) thirdly, to Patersons as underwriter; and</li> <li>(d) then, at the Director's discretion.</li> </ul>	Section 8.7
How can I obtain further advice?	Contact the Company Secretary on +61 8 9481 0389 at any time between 9.00am and 5.00pm (WST time) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional advisor.	

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## 5 PURPOSE AND EFFECT OF THE OFFER

### 5.1 Introduction

The Company is seeking to raise up to \$2,480,075, before costs, under the Offer at a price of \$0.01 per Share by offering Eligible Shareholders one New Share for every one Existing Share held as at the Record Date with 1 free attaching New Option (exercisable at \$0.02 on or before 30 April 2017) for every one New Share issued.

The Offer is underwritten for up to \$500,000 or 50,000,000 New Shares by Patersons Securities Limited.

### 5.2 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer as follows:

Use of funds (approximately) <sup>1</sup>	Underwritten Amount	Full Subscription
Exploration on Washihi / Daris	\$150,000	\$1,595,504
Oman Licensing	-	\$90,857
Saudi Licensing & Exploration	-	\$215,714
General working capital <sup>2</sup>	\$260,000	\$488,000
Costs of the Offer <sup>3</sup>	\$90,000	\$90,000
Total	\$500,000	\$2,480,075

#### Notes:

- <sup>1</sup> This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to, in the event exploration results are not satisfactory, to vary the way funds are applied.
- <sup>2</sup> General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs. Further, general working capital may be applied to evaluating new project opportunities that may complement the existing projects of the Company.
- <sup>3</sup> Excludes placement fee of 5% on shares placed by Patersons. See section 10.5 for further details relating to the estimated expenses of the Offer.

In the event that the amount raised under this Prospectus is more than the Underwritten Amount but less than the Full Subscription, it is intended that the additional amount raised will be applied broadly proportionately to the table in 5.2.

### 5.3 Statement of financial position

Set out in section 13 is the Consolidated Statement of Financial Position (audited) of the Company and the Consolidated Pro-Forma Statement of Financial Position, as at 30 June 2015 and on the basis of the following adjustments and assumptions:

- (a) the Offer was effective on 30 June 2015;
- (b) the costs of the Offer are \$90,000;
- (c) no further Shares are issued (including by way of exercise of Options) other than all shares offered under this Prospectus;
- (d) take up of the Offer:
  - (i) Underwritten Amount
  - (ii) Full Subscription.

The significant accounting policies upon which the Statement of Financial Position and the Pro-Forma Statement of Financial Position are based are contained in the audited financial report for year ended 30 June 2015.

### 5.4 Effect of the Offer on the Company's securities

Assuming that Entitlements are taken up in full and that no Options are exercised or Shares issued prior to the Record Date, at the close of the Offer, the capital structure of the Company following the Offer will be:

Shares	Underwritten Amount		Full Subscription	
	Number	%	Number	%
Existing Shares <sup>1</sup>	248,007,500	83.22	248,007,500	50.00
New Shares offered under this Prospectus	50,000,000	16.78	248,007,500	50.00
Total Shares	298,007,500	100.0	496,015,000	100.0

<sup>1</sup>The Company is under an obligation to issue 10,000,000 Shares to Bayan Mining Company LLC in accordance with its JV agreement with Bayan.

Options	Underwritten Amount	Full Subscription
Unlisted Options (exercise price \$0.10 expiry 15 January 2016)	10,000,000	10,000,000
Total existing Options	10,000,000	10,000,000
New Options offered under this Prospectus (exercise price \$0.02 on or before 30 April	50,000,000	248,007,500

2017)

Total Options following the Offer	60,000,000	258,007,500
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- 1 The terms of the Options on issue provide that following a rights issue, the exercise price of Options will change in accordance with the formula in Listing Rule 6.22. The Company will announce the reduced exercise prices for Options following the close of the Offer.
- 2 See section 9.2 for full terms and conditions of the New Options offered.

## 5.5 Effect on control

### (a) Limit

There will be no effect on control of the Company if all Shareholders take up their Entitlement.

The Underwriter and Mr Richard (who has agreed to partially sub-underwrite the Offer), nor any of their associates, do not currently have a relevant interest in any Shares, and will not, as a result of the Offer, have voting power of 20% or more in the Company.

As at the date of this Prospectus, no Eligible Shareholder will, by reason of taking up their Entitlement under the Offer, increase their relevant interest in Shares to more than 20% of the Company's then issued Shares. However and to comply with ASX Listing Rule 7.7.1(c), the Company, subject to ASIC approval, will appoint Patersons Securities as nominee to arrange for the sale of Ineligible Shareholders' Entitlements and to account to them for the net proceeds of the sale.

### (b) Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect, assuming the full amount is raised and no further Shares are issued or Options exercised:

Holder	Holding at Record Date		Entitlement	Holding following the Offer if no Entitlement taken up	
	Number	%		Number	%
1	50,000,000	20.16	50,000,000	50,000,000	10.08
2	25,000,000	10.08	25,000,000	25,000,000	5.04
3	12,500,000	5.04	12,500,000	12,500,000	2.52
4	5,000,000	2.52	5,000,000	5,000,000	1.01

## 5.6 Top up by Shareholders with less than a marketable parcel

As of 12 October 2015, the Company had 2,150 Shareholders, with 1,675 Shareholders holding less than a marketable parcel (being 31,250 Shares at the last

traded price of the Company's Shares of \$0.016) (**Unmarketable Parcel Shareholder**). Of these Shareholders, 1,655 are Eligible Shareholders (**Eligible Unmarketable Parcel Shareholders**). The large number of Unmarketable Parcel Shareholders adds significant compliance costs to the Company.

The Board has resolved that Shortfall Shares will be issued firstly to Eligible Unmarketable Parcel Shareholders who have submitted valid applications, so that each Eligible Unmarketable Parcel Shareholder may have a marketable parcel. This will allow Eligible Unmarketable Parcel Shareholders who are issued Shortfall Shares to sell their holdings on market.

To reduce the number of Unmarketable Parcel Shareholders, the Company intends to, following the Offer, undertake a sale of the Shares held by Shareholders holding less than a marketable parcel. This will simplify the Company's share register and significantly reduce compliance costs. To facilitate the sale, the Board proposes to seek Shareholder approval to amend the Constitution to provide for further flexibility in determining the sale price.

No assurance is given that any sale of non-marketable parcels will take place, or the terms (including price) of any sale, or that the sale price may necessarily reflect the value of the Shares. Eligible Unmarketable Parcel Shareholders wishing to realise their Shares should consider applying for Shortfall Shares and then selling their Shares on market.

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## **6 RISK FACTORS**

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

There are specific risks which relate directly to the Company's business. In addition, there are 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 New Shares.

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

### **6.1 Risk specific to the Offer**

#### **(a) Dilution**

Shareholders who do not take up their Entitlement will have their holding in the Company diluted. Details of dilution are set out in section 5.5(b) above.

#### **(b) Control**

The Directors have taken steps to help ensure a reasonable distribution of voting power under the Offer, including the appointment of Patersons as Lead Manager and Underwriter. However, assuming some shareholders take up their Entitlement and others do not, there is a risk that voting power may be consolidated among fewer shareholders and the interests of these Shareholders may not align with other Shareholders' interests.

### **6.2 Company and industry specific risks**

The risks outlined below are specific to the Company's operations and to the resource exploration industry in which the Company operates.

#### **(a) Future capital needs and additional funding**

The funds raised by the Offer will primarily be used for exploration/development on the Company's Washihi/Daris projects and for working capital (refer section 5.2). There is a risk that these funds will not be sufficient to complete the proposed work and that further funding will be required.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity

of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

(b) Going Concern

As disclosed in the financial statements, the Company incurred an operating loss before tax of \$2,059,026 for the year ending 30 June 2015.

The Company's financial statements for the period ending 30 June 2015 (including audited consolidated financial position) (contained in section 13) have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is principally dependent upon the Company raising additional capital for its operations and commitments. The Directors consider the basis of going concern to be appropriate for the following reasons:

- (i) The current cash and liquid investments of the Company relative to its fixed and discretionary commitments;
- (ii) The ability of the Company to undertake a full or partial divestment of its Oman assets and apply the proceeds to working capital;
- (iii) The contingent nature of certain project expenditure commitments of the Company;
- (iv) The ability of the Company to terminate/suspend certain agreements without any further on-going obligation beyond what has accrued up to the date of termination/suspension;
- (v) The underlying prospects for the Company to raise funds from the capital markets, including under the Offer; and
- (vi) The fact that future exploration and evaluation expenditure are generally discretionary in nature (ie. at the discretion of the Directors having regard to an assessment of the progress of works undertaken to date and the prospects for the same) pursuant to relevant joint venture agreements and may be slowed or suspended as part of the management of the Company's working capital and other forecasted commitments.

There is a risk that, if the Company cannot undertake the above initiatives, the Company may not continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and for the amounts stated in the financial statements.

(c) Title to the Khnaiguiyah zinc-copper project

The Company has entered into a shareholders' agreement with United Arabian Mining Company LLC (**Manajem**), the Company's JV partner in the Khnaiguiyah project. Pursuant to that shareholders' agreement, Manajem is required to transfer legal title to the mining licence and exploration licences over the Khnaiguiyah Project to Khnaiguiyah Mining Company LLC (**KMC**) (in which the Company has a 50% shareholding interest). The Company has obtained independent advice confirming that valid and legally enforceable rights exist for KMC to commercially exploit the Khnaiguiyah Project. There is a risk that Manajem may lose the licence and the Company's interest in the project may be temporarily or permanently lost.

The Company also has a similar arrangement with its Daris Project in Oman. The Company has a valid and legally enforceable contractual right to commercially exploit the Daris Project held by Daris Resources LLC (in which the Company has a 50% shareholding interest) and does not hold the legal title to the mineral exploration licence (which is held by the other 50% shareholder of Daris Resources LLC). The financial statements have been prepared on this basis. Should these legal rights be lost for any reason, the carrying value of Other Non-Current Assets attributable to the Daris Project would be impaired.

(d) Legal proceedings between Manajem and the Company

Manajem has filed a claim against Alara Saudi Operations Pty Ltd (a wholly owned subsidiary of the Company) before the Board of Grievances in Riyadh. Manajem has claimed alleged breaches by the Company:

- (i) under the JV shareholders agreement; and
- (ii) of Saudi Arabian law.

The relief being sought by Manajem includes orders in relation to the termination of all agreements with the Company, the winding up of the JV company and direct and indirect economic damages (notwithstanding the fact that indirect damages are deemed to be uncertain and therefore are not compliant with Shari'ah Law principles).

The Company has filed a defence and counterclaims against Manajem based on specific breaches of the JV shareholders agreement by Manajem. To date, Manajem has failed to:

- (i) provide any particulars to support their claims (i.e. they have neither specified a cause of action nor provided substantiating

documentary evidence as required by Shari'ah Law and the policy and practice of the Saudi Arabian Commercial Courts)

(ii) respond to the Company's counterclaims.

Instead of formally responding to the Company's defence and counterclaim, Manajem have raised a procedural issue surrounding the Company's legal representation.

Given the nature and level of claimed damages and the lack of substantiating evidence or documentation, the Company believes (on the basis of discussions with local legal counsel) that there is little to no reasonable basis in law or fact for Manajem to assert the alleged claim and seek the remedies specified. However there is a risk the proceedings could impact adversely on the assets, operations and financial performance of the Company and its securities.

(e) Title and application risk

The Washihi and Daris mining tenements are governed by mining legislation of the Sultanate of Oman. Each tenement is for a specific term and carries with it annual reporting commitments as well as other conditions requiring compliance. There is a risk that the Company (including its joint venture entities) could lose title to one or more of its tenements if tenement conditions are not met.

As previously reported<sup>4</sup>, the Khnaiguiyah mining license (which is held by Manajem) was the subject of violation notices in 2014. Manajem took steps to address some of the violations referred to in these notices, including the completion of fencing around the mining licence area. However, as at the date of this Prospectus, it appears that all necessary steps have not been taken to rectify the violations.

It is noted that the environmental license associated with the site has expired and has not yet been renewed. Although settlement of the legal dispute may assist in resolving the licensing issues, there is no assurance this will occur. If for any reason, Manajem are unable or unwilling to retain the Khnaiguiyah Mining Licence, the Company would seek to utilise the Definitive Feasibility Study (which was funded entirely by Alara) in concert with a new licence holder, to help ensure the Khnaiguiyah Zinc-Copper project is advanced to production as soon as possible, whilst still preserving the Company's rights under the existing Shareholders' Agreement.

(f) Exploration Risks

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<sup>4</sup> Refer p.3 of the Quarterly Activities Report dated June 2015.

No assurance can be given that further studies and exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the design and construction of efficient mining and processing facilities, and competent operational and managerial performance.

There is no assurance that exploration and/or development of current projects, or any projects that may be acquired by the Company in the future, will result in these projects being profitably exploited.

(g) Feasibility and Exploration Costs

The feasibility and exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties (including foreign exchange variations) 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.

(h) Copper, gold, zinc and other commodity prices

As an explorer for gold, copper, zinc and potentially other minerals, any earnings of the Company are expected to be closely related to the price of these commodities.

Commodities prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(i) Resource estimates

The Company has previously announced resource estimates and exploration targets. These are expressions of judgement based on knowledge, experience and industry practice (refer to the JORC Code for further information on resource estimation). Estimates that were valid when originally made may alter significantly when new information or techniques become available.

In addition, by their very nature, resource estimates are imprecise and depend on interpretations which may prove to be inaccurate, and whilst the Company will employ industry-standard techniques including compliance with the JORC Code to reduce the resource estimation risk, there is no

assurance that this approach will alter the risk. As further information becomes available, resource estimates may change. This may result in alterations to mining and development plans which may in turn adversely affect the Company.

(j) Environmental Risks

The operations and proposed activities of the Company are subject to laws and regulations 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 proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. As advised above, the environmental license associated with the Khnaiguiyah Zinc-Copper project has expired. As a result, this may delay anticipated mining activities and increase compliance costs.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Delays in obtaining necessary approvals can result in delay to anticipated exploration programmes or mining activities.

(k) Joint venture, acquisitions or other strategic investments

The Company is currently a joint venture partner in multiple projects in Saudi Arabia and Oman. The Company may in the future become a party to other joint venture agreements governing the exploration and development of its projects. There is a risk that one of the Company's joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture. Please see section 6.2(b) above in relation to the Khnaiguiyah Project. This may have an adverse effect on the interests and prospects of the Company.

The Company may enter into strategic investments in complementary businesses, or enter into strategic alliances or partnerships with third parties in order to enhance its business. Such arrangements involve a wide range of risks.

(l) Legal risk

The Company has operations in Saudi Arabia and Oman. These countries have different legal systems to Australia and are founded in Shari'ah law. This law is not static, as legal scholars continue to interpret and develop the Shari'ah to meet the demands of modern life.

(m) Uninsured loss and liability

Exploration for and development of minerals involves hazards and risks that could result in the Company incurring losses and liabilities to third parties. There is a risk that the Company may not be insured against all potential losses or liabilities that could arise from its activities. If the Company incurs losses or liabilities that are not covered by its insurance policies, the funds available for exploration could be reduced and create risk for the value of the Company's assets.

(n) Key People

The responsibility of overseeing the Company's operations and strategic management depends substantially on its Directors and key personnel. There can be no assurance that there will not be a detrimental impact on the Company if one or more of these persons cease their employment or involvement with the Company.

### 6.3 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

(c) Economic risk

Changes in Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings. The Company's possible revenues and price of its securities can be affected by these factors which are beyond the control of the Company and its Directors.

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## **7 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS FOR THE OFFER**

### **7.1 What you may do**

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 7.2);
- (b) subscribe for all of your Entitlement and apply for Shortfall Securities (see section 7.3);
- (c) sell all of your Entitlement on ASX (see section 7.4);
- (d) take up part of your Entitlement and sell the balance on ASX (see section 7.5);
- (e) deal with part or all of your Entitlement other than on ASX (see section 7.6); or
- (f) allow all or part of your Entitlement to lapse (see section 7.7).

### **7.2 Subscribe for all or part of your Entitlement**

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares offered by this Prospectus before deciding to apply for New Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares you are entitled to subscribe for.

### **7.3 Subscribe for all of your Entitlement and apply for Shortfall Securities**

Eligible Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for Shortfall Securities regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 8.7 for details of the manner in which Shortfall Securities will be allocated.

Surplus application moneys will be returned to Applicants as soon as practicable following the close of the Offer.

### **7.4 If you wish to sell all of your Entitlement**

Complete the section marked “Instructions to Stockbroker” on the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions contained on the form and lodge it with your stockbroker as soon as possible.

Rights trading will commence on ASX on 20 October 2015. Sale of your Rights must be completed by 28 October 2015 when Rights trading is expected to cease.

#### **7.5 If you wish to take up part of your Entitlement and sell the balance**

Please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept (being less than as specified on the Application Form) and complete the section marked "Instructions to Stockbroker" on the back of the form in respect of that part of your Entitlement you wish to sell.

Forward the form to your stockbroker together with your cheque for the total amount payable in respect of the New Shares accepted. Your stockbroker will need to ensure that the completed Application Form reaches the Company's share registry, by 5.00 pm WST on 5 November 2015. Cash will not be accepted and no receipts will be issued.

Rights trading will commence on ASX on 20 October 2015. Sale of your Rights must be completed by 28 October 2015 when Rights trading is expected to cease.

#### **7.6 If you wish to transfer your Entitlement other than on ASX**

If you are a Shareholder and hold Existing Shares on the issuer sponsored sub-register, forward a completed renunciation form (obtainable through your stockbroker or the Company's share registrar) together with your Entitlement and Acceptance Form completed by the transferee together with a cheque for the appropriate Application monies to reach the Company's share registry, by 5.00 pm WST on 5 November 2015.

If you are a Shareholder and hold Existing Shares registered on CHESS, you should contact your sponsoring broker.

Cash will not be accepted and no receipts will be issued.

#### **7.7 Allow all or part of your Entitlement to lapse**

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Shares and your Entitlement will become Shortfall Securities.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying personalised Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

## 7.8 Payment methods

### Cheque, bank draft or money order

The completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'Alara Resources Limited' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.01 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at either of the following addresses by no later than 5.00 pm (AEDT) on the Closing Date:

By Post To:	By Delivery To:
Advanced Share Registry Services PO Box 1156 NEDLANDS WA 6009	Advanced Share Registry Services 110 Stirling Highway NEDLANDS WA 6009

### BPAY

Alternatively, if you are paying by BPAY, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5.00 pm AEDT on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5.00 pm AEDT on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to

that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company will not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

## **7.9 Entitlement and Acceptance Form is binding**

Receipt of a completed and lodged Entitlement and Acceptance Form together with a cheque for the application monies, or by making a payment in respect of an Application by BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and

- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon the issue of the New Shares.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the application monies received by the Company.

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## 8 DETAILS OF THE OFFER

### 8.1 Shares offered for subscription

By this Prospectus the Company makes a renounceable pro rata offer to Eligible Shareholders of one New Share for every one Existing Share held as at the Record Date at a price of \$0.01 per New Share with 1 free attaching New Option (exercisable at \$0.02 on or before 30 April 2017) for every one New Share issued, to raise up to \$2,480,075 before issue costs. Fractional entitlements will be rounded down to the nearest whole number.

The Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Shares are set out at section 7.

All New Shares offered under this Prospectus will rank equally with Existing Shares. The rights and liabilities of the New Shares are summarised in section 9.

### 8.2 Minimum subscription

The Offer is not subject to a minimum subscription.

### 8.3 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period or close the Offer early.

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

### 8.4 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 7pm (AEDT) on the Record Date; and
- (b) have a registered address in Australia or New Zealand.

### 8.5 Lead Manager and underwriting

Patersons Securities Limited is acting as lead manager and will partially underwrite the issue of up to 50,000,000 Shortfall Securities or \$500,000 (**Underwritten Amount**). All valid Applications received by the Company will, at the Underwriter's election, go to relieve the Underwriter of its obligations under the Underwriting Agreement.

Mr Justin Richard, managing director of the Company, has agreed to sub-underwrite the Offer for \$200,000. The sub-underwriting will only terminate if the Offer is withdrawn.

The Underwriter will pay Mr Richard a sub-underwriting fee of 4%, or \$8,000. The Directors, other than Mr Richard, have determined that the financial benefits given to Mr Richard under the sub-underwriting are reasonable in the circumstances if the Company and Mr Richard were dealing at arm's length, so that shareholder approval is not required under Chapter 2E of the Corporations Act for the sub-underwriting.

Patersons Securities Limited will be paid a fee for underwriting the Offer, details of which are set out in sections 10.3. All sub-underwriting fees will be paid by Patersons Securities.

The Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred in relation to the Offer.

The underwriting is conditional upon satisfaction or waiver by the Underwriter of the certain conditions ordinarily found in an agreement of this type, including that:

- (a) the Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Offer;
- (b) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (c) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events, including (but not limited to) where any of the following events has a material adverse effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise:
  - (i) any of the All Ordinaries Index as published by IRESS Ltd is at any time after the date of this Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
  - (ii) an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any relevant company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;

- (iii) any of the material contracts described in this Prospectus (other than the Underwriting Agreement) is breached, not complied with according to its terms, terminated or substantially modified;
- (iv) 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, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China, Israel 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;
- (v) the price of the Company's Shares as quoted on ASX is at any time less than the issue price on three trading days; or
- (vi) a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

#### **8.6 Rights trading**

The Rights to Shares are renounceable, which enables Shareholders who do not wish to take up some or all of their Entitlements to sell or otherwise transfer all or part of their Entitlement. Trading of Rights on the ASX is expected to commence on 20 October 2015 and end on 28 October 2015.

#### **8.7 Shortfall**

Entitlements not taken up will become available as Shortfall Securities. The Directors reserve the right to issue any Shortfall Securities at their discretion within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Securities by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Securities by contacting the Share Registry. Persons outside Australia doing so represent to the Company that they

can apply for Shortfall Securities in circumstances which do not require the offer of Shortfall Securities or this Prospectus to be registered.

It is possible that there may be few or no Shortfall Securities available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. The Company will allocate Shortfall Securities as follows:

- (a) firstly, to Shareholders who apply for Shortfall Securities and who hold less than a marketable parcel (to the extent required for them to each have a marketable parcel);
- (b) secondly, to Shareholders who apply for Shortfall Securities, with oversubscriptions to be scaled back in proportion to applications; and
- (c) thirdly, to Patersons as underwriter; and
- (d) then, at the Directors' discretion.

Subject to the above, the Directors reserve the right at their absolute discretion to reject any application for Shortfall Securities and it is an express term of the Shortfall Offer that applicants for Shortfall Securities will be bound to accept a lesser number of Shortfall Securities allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

#### **8.8 Offer outside Australia and New Zealand**

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia and New Zealand.

#### **8.9 Treatment of Ineligible Shareholders**

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations in those jurisdictions, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders. The Prospectus will not be sent to those Shareholders.

##### **(a) New Zealand**

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Prospectus has not been registered, filed or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

##### **(b) Elsewhere**

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

#### **8.10 Appointment of nominee**

As the Offer is renounceable and for the purposes of Listing Rule 7.7.1(c) and section 615 of the Corporations Act, the Company, subject to ASIC approval, will appoint Patersons as nominee to arrange for the sale of the entitlements that would have been given to Ineligible Shareholders and to account to them for the net proceeds of the sale.

The proceeds of sale (in Australian dollars) will be distributed to the Non-Eligible Foreign Shareholders for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale).

#### **8.11 Beneficial holders, nominees, trustees and custodians**

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

#### **8.12 Issue of New Shares and application money**

New Shares will be issued only after ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 12 November 2015 and normal trading of the New Shares on ASX is expected to commence on 13 November 2015.

All application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the New Shares are issued or application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

### 8.13 Quotation

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the New Shares offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the New Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Shares offered by this Prospectus will be issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application monies without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Shares.

Quotation, if granted, of the New Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Shares are dispatched.

### 8.14 Market prices of Existing Shares on ASX

The highest and lowest market sale price (intraday) of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3 month high	3 month low	Last market sale price
Price	\$0.035 on 21 August 2015	\$0.011 on 22 July 2015	\$0.018 on 13 October 2015

### 8.15 CHESS

The Company participates in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement Pty Ltd (ASPL), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

#### **8.16 Taxation and duty implications**

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

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Prospectus.

#### **8.17 Privacy**

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and

other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

#### **8.18 Enquiries**

Any queries regarding the Offer should be directed to Ms Elizabeth Hunt, Company Secretary on +61 8 9481 0389.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry on +61 8 9389 8033 from 8.30am to 5.00pm (WST), Monday to Friday.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

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## 9 RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

### 9.1 New Shares

Full details of the rights and liabilities attaching to the New Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. 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.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share bears to the total issue price of the share. All of the Company's Existing Shares and New Shares offered under the Prospectus are fully paid ordinary shares.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Election of Directors

There must be a minimum of 3 but not exceeding 9 Directors. At every annual general meeting one third of the Directors (rounded up to the nearest whole number not exceeding one third) must retire from office. The director or directors to retire at an annual general meeting are those who have been longest in office since their election. The Company may fill the vacated office by reelecting the retiring director or electing some other qualified person. These retirement rules do not apply to certain appointments including the managing director.

(g) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(h) Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Shareholders:

- (i) divide the assets of the Company among the members in kind;
- (ii) for that purpose fix the value of assets and decide how the division is to be carried out as between the members and different class of members; and
- (iii) vest assets of the Company in trustees on any trusts for the benefit of the members as the liquidator thinks fit, but so that no member is compelled to accept any shares or other securities in respect of which there is any liability.

(i) Shareholder liability

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

(j) Alteration to the Constitution

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. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## 9.2 New Options

The Options to be issued pursuant to the Offers entitle the holder to subscribe for Shares on the following terms and conditions.

- (a) The Options are exercisable at a price of \$0.02 each at any time on or before 30 April 2017. Each Option entitles the holder to subscribe for one Share.
- (b) All Shares issued upon exercise of the Options will rank equally in all respects with all Existing Shares, and the Company will, within 5 days from the date of issue and allotment of Shares pursuant to the exercise of the Options, apply for official quotation by the ASX of all Shares issued upon the exercise of the Options.
- (c) There are no participating rights or entitlements conferred on the Options and the holder will not be entitled to participate with respect to the Options in new issues offered to shareholders of the Company during their currency without exercising the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the Option holders will be notified of a proposed issue after the issue is announced. This will give the holder the opportunity to exercise the Options prior to the date for determining entitlements and to participate in any such issue as a shareholder.
- (d) In the event of any reorganisation of capital of the Company prior to the expiry date for exercise of the Options, the number of Options to which the holder is entitled or the exercise price of the Options or both shall be

changed to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of reorganisation.

- (e) A certificate or holding statement will be issued by the Company with respect to Options held by the holder. Attached to or endorsed on the reverse held of each certificate will be a notice that is to be completed by the holder when exercising the Options the subject of the certificate.
- (f) The Options are exercised by completing the Notice of Exercise of Options form and forwarding it to the Company with the exercise monies payable to the Company. The Company shall within five days from the Option holder properly exercising the Option issue Shares in respect of the Options exercised and dispatch a shareholder statement to the holder.
- (g) The number of options exercised must be a multiple of 1,000 if only part of the holder's total Options are exercised. If the total number of Options held is less than 1,000, then all Options must be exercised at the same time.
- (h) Subject to 9.2(g), the exercise of less than all of the holder's Options will not prejudice the holder's ability to exercise any remaining Options.
- (i) If the Company makes a pro-rata issue to the holders of Shares, the exercise price of each Option shall be adjusted in accordance with the provisions of the ASX Listing Rules.
- (j) The Options are transferable.

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## 10 ADDITIONAL INFORMATION

### 10.1 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 New Shares which will be issued pursuant to this Prospectus and Shares issued upon exercise of New Options are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an Offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. 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 period from lodgment of the Company's annual financial statements of the Company for the financial year ended 30 June 2015 to 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 statements of the Company for the financial year ended 30 June 2014 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) any half-year financial report lodged with ASIC by the Company after the lodgment of that annual report and before the lodgment of this Prospectus; and
  - (iii) any continuous disclosure notices given by the Company after the lodgment of the financial statements referred to in paragraph (i) and before the lodgment of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

The Company has lodged its 2015 annual financial report on 1 October 2015.

The Company has lodged the following announcements with ASX since its 2015 annual financial report:

Date	Description of Announcement
14/10/2015	Appendix 3B Rights Issue
13/10/2015	Rights issue to raise up to \$2.48m
12/10/2015	Feasibility Study Update (Oman)
01/10/2015	Appendix 4G Key to Disclosures
01/10/2015	Corporate Governance Statement 2015

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 or from [www.asx.com.au](http://www.asx.com.au).

## 10.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration as set out below.

Director	Current holding		Entitlement	
	Shares	Options	New Shares	New Options
Mr James Phipps	-	-	-	-
Mr Justin Richard	-	-	-	-
Mr Shanker Madan	713	-	713	713
Mr AV Sthapak				
Mr Ian Gregory	-	-	-	-

Remuneration paid to Directors in the two years prior to the date of this Prospectus<sup>1</sup>

Director	2014/2015	2013/2014
Mr James Phipps <sup>2</sup>	\$33,333	-
Mr Justin Richard <sup>3</sup>	\$584,052	\$458,677
Mr Shanker Madan <sup>4</sup>	-	-
Mr AV Sthapak <sup>5</sup>	-	-
Mr Ian Gregory <sup>6</sup>	-	-

**Notes:**

- 1 Non-executive Directors are entitled to an aggregate remuneration of \$275,000 per year. The Chairman is entitled to fees of \$75,000 and non-executive Directors fees of \$50,000 each per annum (exclusive of superannuation). Mr Madan may receive a bonus of \$45,000 upon completion of a feasibility study for the Washihi Copper Gold project.
- 2 Appointed 1 November 2014.
- 3 Mr Justin Richard was appointed as Managing Director and CEO on 16 June 2015 and the terms of his expatriate employment as Country Manager, with appropriate variations, carry over. Mr Richard's salary consists of an annual base salary of \$282,150 and expatriation allowances totaling approximately \$225,000 (subject to foreign exchange adjustments since the time of appointment as Country Manager). Mr Richard has agreed to sub-underwrite the Offer for \$200,000, and will be paid a sub-underwriting fee of 4%. See section 8.5 for further information.
- 4 Appointed 31 July 2015.
- 5 Appointed 22 September 2015.
- 6 Appointed 22 June 2015.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company, and

to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgment of this Prospectus with ASIC, any interest in:

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

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

### **10.3 Interests of promoters and named persons**

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or

- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Kings Park Corporate Lawyers has acted as solicitors to the Offer. In respect of this work, the Company will pay approximately \$8,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Kings Park Corporate Lawyers has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus.

Patersons Securities Limited will act as Lead Manager and Underwriter to the Offer. In respect of this work, the Lead Manager will be paid a \$45,000 management fee and an underwriting fee of 5% of the Underwritten Amount. Patersons will also receive a placement fee of 5% for Shortfall Securities it places under the Shortfall Offer. Patersons has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus.

Justin Richard, as sub-underwriter to the Offer, will receive a 4% sub-underwriting fee on the amount underwritten by him.

#### 10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgment of this Prospectus with ASIC withdrawn their written consent:
  - (i) to be named in the Prospectus in the form and context which it is named; and
  - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) made in connection with their role as specified below and included in this Prospectus with the consent of that person.

Name	Role
Kings Park Corporate Lawyers	Lawyers
Patersons Securities Limited	Lead Manager

## 10.5 Expenses of the Offer

On the basis that the Offer is fully subscribed, the total expenses of the Offer are estimated to be \$90,000 consisting of the following:

Cost <sup>1</sup>	\$
Lead manager and underwriting fee <sup>2</sup>	70,000
Legal fees	8,000
ASIC, printing, postage and other expenses	7,300
Registry	4,700
<b>Total</b>	<b>90,000</b>

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<sup>1</sup> These expenses have or will be paid by the Company.

<sup>2</sup> The Company will also pay a placement fee of 5% for Shortfall Securities placed under the Shortfall Offer.

## 10.6 Litigation

Other than as disclosed elsewhere in this Prospectus, as at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature and the Directors are not aware of any legal proceedings pending or threatened against the Company.

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**11 DIRECTORS' RESPONSIBILITY AND CONSENT**

Each Director has consented to the lodgment of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 15 October 2015

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

Signed for and on behalf of  
Alara Resources Limited by  
Shanker Madan

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## 12 GLOSSARY

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

<b>\$, A\$ or Dollars</b>	Australian dollars unless otherwise stated.
<b>AEDT</b>	Australian Eastern Daylight Time.
<b>Applicant</b>	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
<b>Application</b>	a valid application made on an Entitlement and Acceptance Form to subscribe for New Shares pursuant to this Prospectus.
<b>ASIC</b>	the Australian Securities & Investments Commission.
<b>ASX</b>	the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
<b>Board</b>	the board of Directors.
<b>Business Day</b>	Monday to Friday inclusive, except any day that ASX declares is not a business day.
<b>Closing Date</b>	the date set out in section 1.
<b>Company or Alara</b>	Alara Resources Limited (ABN 27 122 892 719) or its controlled entities.
<b>Constitution</b>	the constitution of the Company.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Deeds</b>	the indemnity, insurance and access deeds between the Company and each of the Directors.
<b>Director</b>	a director of the Company.
<b>Eligible Shareholders</b>	a Shareholder as at the Record Date with a registered address in Australia or New Zealand.
<b>Entitlement and Acceptance Form</b>	the personalised entitlement and acceptance form attached to this Prospectus.

<b>Entitlement or Right</b>	a Shareholder's entitlement or right to subscribe for New Shares offered by this Prospectus.
<b>Existing Share</b>	a Share issued as at 7pm (AEDT) on the Record Date.
<b>Full Subscription</b>	\$2,480,075 before costs.
<b>Ineligible Shareholder</b>	a Shareholder who is not an Eligible Shareholder.
<b>Lead Manager</b>	Patersons Securities Limited (ABN 69 008 896 311)
<b>Listing Rules</b>	the listing rules of the ASX.
<b>New Options</b>	Options offered under this Prospectus.
<b>New Shares</b>	Shares issued pursuant to the Offer.
<b>Offer</b>	an offer made in this Prospectus to subscribe for New Shares.
<b>Official List</b>	the official list of the ASX.
<b>Option</b>	an option to purchase a Share.
<b>Prospectus</b>	this Prospectus and includes the electronic prospectus.
<b>Record Date</b>	the date set out in section 1.
<b>Share</b>	a fully paid ordinary share in the Company.
<b>Share Registry</b>	Advanced Share Registry Services (ABN 14 127 175 946).
<b>Shareholder</b>	the registered holder of Shares in the Company.
<b>Shortfall</b>	will occur if the Company does not hold Applications for all the New Shares offered by the Company under the Offer by the Closing Date.
<b>Shortfall Offer</b>	has the meaning given in section 8.1.
<b>Shortfall Securities</b>	Entitlement for which valid Applications have not been received by the Closing Date.
<b>Underwriter</b>	Patersons Securities Limited (ABN 69 008 896 311)
<b>Underwriting Agreement</b>	the underwriting agreement between the Company

and the Underwriter signed on 13 October 2015.

**Underwritten Amount** \$500,000

**US person** has the meaning given to that term in Regulation S under the US Securities Act.

**US Securities Act** the United States Securities Act of 1933, as amended.

**WST** Western Standard Time, Western Australia.

## 13 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 30 June 2015 <sup>2</sup>	Other Adjustments	Pro forma Underwritten Amount	Pro forma Full Subscription
<b>CURRENT ASSETS</b>				
Cash and cash equivalents <sup>1</sup>	937,192	-90,000	1,347,192	3,327,267
Trade and other receivables	255,961		255,961	255,961
Other current assets	73,127		73,127	73,127
<b>TOTAL CURRENT ASSETS</b>	<b>1,266,280</b>		<b>1,676,280</b>	<b>3,656,355</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets held at fair value through profit or loss	-			
Property, plant and equipment	68,933		68,933	68,933
Resource projects	33,190,221		33,190,221	33,190,221
Other non-current asset	5,376,514		5,376,514	5,376,514
<b>TOTAL NON-CURRENT ASSETS</b>	<b>38,635,668</b>		<b>38,635,668</b>	<b>38,635,668</b>
<b>TOTAL ASSETS</b>	<b>39,901,948</b>		<b>40,311,948</b>	<b>42,292,023</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	520,011		520,011	520,011
Provisions	69,225		69,225	69,225
<b>TOTAL CURRENT LIABILITIES</b>	<b>589,236</b>		<b>589,236</b>	<b>589,236</b>
<b>NON CURRENT LIABILITIES</b>				
Financial liabilities	1,509,585		1,509,585	1,509,585
Provisions	56,542		56,542	56,542
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,566,127</b>		<b>1,566,127</b>	<b>1,566,127</b>
<b>TOTAL LIABILITIES</b>	<b>2,155,363</b>		<b>2,155,363</b>	<b>2,155,363</b>
<b>NET ASSETS</b>	<b>37,746,585</b>		<b>38,156,585</b>	<b>40,136,660</b>
<b>EQUITY</b>				
Issued capital	61,018,659	500,000 to 2,480,075	61,428,659	63,408,734
Reserves	361,429		361,429	361,429
Accumulated losses	-23,073,685		-23,073,685	-23,073,685
Parent interest	38,306,403		38,716,403	40,696,478
Non-controlling interest	-559,818		-559,818	-559,818
<b>TOTAL EQUITY</b>	<b>37,746,585</b>		<b>38,156,585</b>	<b>40,136,660</b>

<sup>1</sup> The underwritten amount and full subscription cash balances are after capital raising costs.

<sup>2</sup> Any changes from 30 June 2015 to the date of this Prospectus have occurred in the ordinary course of business.