

# **ENERGY VENTURES LIMITED**

**ABN 89 106 523 611**

## **SHORT FORM PROSPECTUS**

**For the offer by Energy Ventures Limited to transfer to its Shareholders, by a pro rata in specie distribution, 85,250,968 ordinary fully paid shares in African Energy Resources Limited that are held by Energy Ventures Limited.**

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### **IMPORTANT NOTICE**

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This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act 2001. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type but refers to another document, the information of which is deemed to be incorporated in this Prospectus.

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## **IMPORTANT NOTICE**

This Prospectus is dated 22 October 2010.

A copy of this Prospectus was lodged with ASIC on 22 October 2010. ASIC takes no responsibility for the contents of this Prospectus.

No African Energy Shares will be transferred on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

Shareholders should read this document in its entirety and, if in any doubt, consult with their professional advisers. There are risks associated with an investment in African Energy and the African Energy Shares offered under this Prospectus must be regarded as a speculative investment.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in section 8 of this Prospectus.

### **Short Form Prospectus**

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. Rather, the Prospectus incorporates by reference information contained in a document that has been lodged with ASIC.

This Prospectus refers to the Notice of Meeting of Shareholders of the Company lodged with ASIC on 22 October 2010 ("**Notice of Meeting**"). In referring to the Notice of Meeting the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of African Energy Shares under this Prospectus and containing information that will provide Shareholders and their professional advisers information to assist them in making an informed assessment of:
  - (i) the rights and liabilities attaching to the African Energy Shares; and
  - (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of African Energy;
- (b) refers Shareholders and their professional advisers or analysts to section 3 of this Prospectus which summarises the information in the Notice of Meeting, deemed to be incorporated in this Prospectus;
- (c) informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Shareholders and their professional advisers or analysts.

## 1. TIMETABLE AND IMPORTANT DATES

| EVENT                                                                                              | DATE             |
|----------------------------------------------------------------------------------------------------|------------------|
| Prospectus lodged with ASIC                                                                        | 22 October 2010  |
| Shareholder meeting                                                                                | 23 November 2010 |
| Energy Ventures informs ASX that reduction of capital approved                                     | 23 November 2010 |
| Last day for trading in pre-reorganised securities                                                 | 24 November 2010 |
| Trading in the Shares of Energy Ventures on an "ex return of capital basis"                        | 25 November 2010 |
| Record Date                                                                                        | 1 December 2010  |
| Energy Ventures effects the distribution and despatch of the African Energy Shares to Shareholders | 8 December 2010  |

## 2. DETAILS OF THE OFFER

### 2.1 Background

Energy Ventures holds 105,250,968 African Energy Shares (being 37.23% of the total African Energy Shares). Energy Ventures proposes to restructure its assets and transfer 85,250,968 African Energy Shares to its Shareholders (the "**Distribution**"). On completion of the proposed Distribution, Energy Ventures will continue to hold 20,000,000 African Energy Shares (being 7.1% of the total African Energy Shares).

Energy Ventures is seeking Shareholder approval that its issued share capital and the net assets of the Company be reduced by Energy Ventures making a pro rata distribution of 85,250,968 African Energy Shares held by it to its Shareholders. This approval will be sought at the Meeting.

### 2.2 The Offer

ASIC is of the view that the invitation by Energy Ventures to its Shareholders to vote on the proposed Distribution at the Meeting constitutes an offer to transfer the African Energy Shares which requires the issue of a prospectus.

Therefore by this Prospectus, Energy Ventures offers for transfer on a pro rata basis all of the African Energy Shares to its Shareholders as at the Record Date. This Offer is subject to Shareholder Approval.

### 2.3 Applications

No applications for African Energy Shares are required under the Offer. If the Offer is approved by Shareholders at the Meeting, then Shareholders on the register on the Record Date will be entitled to be transferred the African Energy Shares on a pro rata basis as set out in the Notice of Meeting.

## **2.4 Minimum Subscription**

There is no minimum subscription under this Offer as there is no capital being raised. If the Offer is approved by Shareholders then 85,250,968 African Energy Shares will be transferred to Shareholders on the register on the Record Date in accordance with the timetable set out in section 1 of this Prospectus.

## **2.5 Capital Structure**

The capital structure of African Energy will not change following the Distribution.

## **2.6 Transfer**

The transfer of African Energy Shares will take place in accordance with the timetable set out in section 1 of this Prospectus, assuming Shareholder Approval is obtained.

No African Energy Shares will be transferred on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

## **2.7 Overseas Shareholders**

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

# **3. INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS**

## **3.1 Short Form Prospectus**

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however it incorporates by reference information contained in a document that has been lodged with ASIC.

The information to be incorporated by reference into this Prospectus is summarised below in section 3.2 of this Prospectus and will primarily be of interest to Shareholders and their professional advisers.

Energy Ventures informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting Energy Ventures at its registered office during normal business hours.

## **3.2 Summary of Information Deemed to be Incorporated**

Set out below is a summary of the information contained in the Notice of Meeting that is deemed to be incorporated in this Prospectus to assist Shareholders and their professional advisers to determine whether, for the purposes of making an informed decision in relation to the African Energy Shares they should obtain a copy of the Notice of Meeting.

The Sections referred to below are a reference to sections in the Explanatory Statement to the Notice of Meeting.

## **Section 6.1 – Background and Overview of Proposal**

This Section provides a brief overview of the Distribution including the expected number of African Energy Shares to be received by Shareholders for every Share held. Based on the current issued capital of the Company of 333,413,169 Shares, Shareholders will receive 1 African Energy Share for approximately every 3.91 Energy Ventures Shares held on the Record Date rounded up to the nearest whole number.

## **Section 6.2 – Effect of the Proposed Equal Reduction of Capital on Energy Ventures**

This Section states that the net assets of the Company will be reduced by \$2,502,869 being the book value of the 85,250,968 African Energy Shares at 2.94 cents each. A proforma statement of financial position of Energy Ventures as at 30 June 2010 is set out in Annexure 2 to the Notice of Meeting showing the financial position of Energy Ventures following completion of the Distribution.

## **Section 6.3 – Effect of the Proposed Equal Reduction of Capital on Shareholders**

This Section outlines the effect of the proposed capital reduction on Shareholders which is that Shareholders registered on the Record Date will receive a pro rata distribution in specie of African Energy Shares.

## **Section 6.4 – Advantages and Disadvantages of the Proposal**

This Section outlines the principal advantages and disadvantages to Shareholders of the proposed capital reduction.

## **Section 6.5 – Additional Important Information for Shareholders**

This Section provides Shareholders with other information including:

- (a) the capital structure of Energy Ventures as at the date of the Notice of Meeting;
- (b) the rights of overseas Shareholders in relation to the Distribution;
- (c) a statement that the Directors believe that the capital reduction is fair and reasonable to Shareholders and that the capital reduction will not prejudice Energy Ventures' ability to pay its creditors;
- (d) a table of the number of securities in Energy Ventures which the Directors have an interest in prior to the capital reduction and the number of African Energy Shares they are likely to receive if the Distribution is implemented; and
- (e) a recommendation from the Directors that Shareholders vote in favour of the resolution approving the equal reduction of capital.

## **Section 6.6 – Information on African Energy**

This Section contains information on African Energy, the African Energy board of directors and a summary of the more significant rights attaching to African Energy Shares.

## **Section 6.7 – Risk Factors**

This Section lists a number of specific and general risks that may have a material effect on the financial position and performance of African Energy and the value of its shares, as well as African

Energy's exploration, and any future development and mining activities and its ability to fund those activities.

#### **Section 6.8 – Information on Energy Ventures following completion of the capital reduction**

This Section outlines the effect of the equal reduction of capital on the statement of financial position of Energy Ventures and refers to the statement of financial position of Energy Ventures set out in Annexure 2 to the Notice of Meeting.

#### **Section 6.9 – Taxation**

This Section outlines the potential Australian tax consequences relating to capital reduction to Shareholders.

### **4. AFRICAN ENERGY OVERVIEW**

A comprehensive overview of African Energy is set out in the Notice of Meeting. Shareholders should refer to section 3.2 of this Prospectus for a summary of the information contained in the Notice of Meeting deemed to be incorporated in this Prospectus.

Other than as stated in this Prospectus, Energy Ventures is not aware of any other material matter or circumstance that would impact on the contents of the Notice of Meeting or the activities and prospects of African Energy and be relevant to assist investors or their professional advisers.

### **5. FINANCIAL INFORMATION**

The effect of the Offer will be to distribute 85,250,968 African Energy Shares held by Energy Ventures. Energy Ventures will continue to hold 20,000,000 African Energy Shares after the Distribution.

The Offer will have no effect on the financial position of African Energy. Annexure 1 to the Notice of Meeting sets out the audit reviewed statement of financial position of African Energy at 30 June 2010.

The Offer will reduce the net assets of Energy Ventures by \$2,502,869 pursuant to the Distribution of the African Energy Shares under the capital reduction. Annexure 2 to the Notice of Meeting sets out the statement of financial position of Energy Ventures at 30 June 2010.

### **6. ADDITIONAL INFORMATION**

#### **6.1 Terms of African Energy Shares**

Information concerning the African Energy Shares is set out in Section 6.6.3 of the Notice of Meeting.

#### **6.2 Legal Proceedings**

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

### **6.3 Disclosure of Interests**

The relevant interests of the Directors in the securities of Energy Ventures at the date of this Prospectus and the number of African Energy Shares they are likely to receive are set out in Section 6.5.4 of the Notice of Meeting.

### **6.4 Remuneration**

Dr Ian Duncan is paid \$50,000 per annum for his services as a Director. In the two years prior to the date of this Prospectus, Dr Duncan has received a total remuneration of approximately \$100,000.

Mr Gregory Fry is paid \$100,000 per annum as Director fee together with receiving monthly payments for services as an executive Director based on hours spent on such services. In the two years prior to the date of this Prospectus, Mr Fry has received a total remuneration of approximately \$150,500.

Mr Alasdair Cooke is paid \$25,000 per annum as a Director fee together with receiving quarterly payments for services as an executive Director based on hours spent on such services. In the two years prior to the date of this Prospectus, Mr Cooke has received a total remuneration of approximately \$116,000.

Mr Michael Curnow is paid \$25,000 per annum as a Director fee. In the two years prior to the date of this Prospectus, Mr Curnow has received a total remuneration of approximately \$50,000.

Directors are also entitled to be reimbursed for reasonable expenses incurred by them in providing their services to Energy Ventures.

### **6.5 Fees and Benefits**

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 two year period ending on the date of this Prospectus, any interest in:

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

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any 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, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of Energy Ventures or the Offer.

Fairweather & Lemonis have acted as solicitors to Energy Ventures in relation to the Offer. In respect of this work, Energy Ventures will pay approximately \$10,000 exclusive of GST and disbursements. Subsequently fees will be paid in accordance with normal hourly rates. Fairweather

& Lemonis have or will be paid fees of approximately \$18,500 exclusive of GST and disbursements in the two years prior to the date of this Prospectus for other legal services to Energy Ventures.

## **6.6 Expenses of the Offer**

The total expenses of the Offer are estimated to be approximately \$13,000 including legal costs, ASIC fees, printing and other administrative expenses.

## **6.7 Consents**

The following parties have given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Fairweather & Lemonis has consented to being named as the Solicitors to the Offer.

BDO Audit (WA) Pty Ltd has consented to being named as the Company's auditors in this Offer and the incorporation by reference in this Prospectus to the audited statement of financial position for African Energy (as set out in Annexure 1 to the Notice of Meeting).

The parties referred to above in this section:

- (a) do not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section; and
- (c) has not caused or authorised the issue of this Prospectus.

## **7. AUTHORITY OF DIRECTORS**

This Prospectus is issued by Energy Ventures and in accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

Dated: 22 October 2010.



**Gregory Fry**  
Director  
Energy Ventures Limited

## 8. DEFINITIONS

**African Energy** means African Energy Resources Limited (ARBN 123 316 781).

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

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

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

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

**Company** or **Energy Ventures** means Energy Ventures Limited (ABN 89 106 523 611).

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

**Directors** mean the directors of Energy Ventures.

**Dollar** or **\$** means Australian dollars unless otherwise stated.

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

**Meeting** means the meeting to be held on 23 November 2010.

**Notice of Meeting** means the notice of annual general meeting of Energy Ventures dated 20 October 2010.

**Offer** means the offer of African Energy Shares pursuant to this Prospectus.

**Prospectus** means this prospectus dated 22 October 2010.

**Record Date** means 1 December 2010 being the date for determining the entitlement to African Energy Shares.

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

**Shareholder** means a holder of a Share in Energy Ventures.

**Shareholder Approval** means shareholder approval to the equal capital reduction of Energy Ventures as proposed by resolution 7 in the Notice of Meeting.

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