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# GASCOYNE RESOURCES LIMITED
# ABN 57 139 522 900

# PROSPECTUS

For a non-renounceable pro rata offer to Eligible Shareholders of approximately 22.8 million New Shares at an issue price of $0.20 per share on the basis of 1 New Share for every 5 Existing Shares held to raise up to approximately $4.6 million before issue costs

**Important Notice**

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

The Shares offered by this Prospectus should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the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 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.

## CORPORATE DIRECTORY

| | |
|---|---|
| **DIRECTORS** | Mr Graham Riley<br>(Non-Executive Chairman)<br>Mr Michael Dunbar<br>(Managing Director)<br>Mr Stanley Macdonald<br>(Non-Executive Director)<br>Mr Rodney Michael Joyce<br>(Non-Executive Director)<br>Mr Gordon Dunbar<br>(Non-Executive Director)<br>Mr John den Dryver<br>(Non-Executive Director) |
| **COMPANY SECRETARY** | Eva O'Malley |
| **REGISTERED OFFICE** | Level 2, 33 Ord Street<br>West Perth WA 6005 |
| **SHARE REGISTRARS** | Advanced Share Registry Services*<br>150 Stirling Highway<br>Nedlands WA 6009<br>Telephone: (08) 9389 8033 |
| **AUDITORS** | Grant Thornton*<br>Level 1, 10 Kings Park Road<br>West Perth WA 6005 |
| **SOLICITORS** | Allion Legal<br>Level 2, 50 Kings Park Road<br>West Perth WA 6005 |

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

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## SUMMARY OF IMPORTANT DATES

| | |
|---|---|
| Lodgment Date | 4 April 2012 |
| "Ex" date | 11 April 2012 |
| Record date to determine Entitlement | 20 April 2012 |
| Prospectus with Application Form dispatched | 24 April 2012 |
| Offer opens for receipt of Applications | 24 April 2012 |
| Closing date for acceptances | 9 May 2012 |
| Shares quoted on a deferred settlement basis | 10 May 2012 |
| Notify ASX of under subscriptions | 11 May 2012 |
| Allotment and issue of New Shares | 16 May 2012 |
| Dispatch of shareholding statements | 16 May 2012 |
| Trading of New Shares expected to commence | 17 May 2012 |

This timetable is indicative only and subject to change. The Company reserves the right to vary the above dates, subject to the ASX Listing Rules and Corporations Act.

**LETTTER FROM THE CHAIRMAN**

4 April 2012

Dear Shareholder

On behalf of the Board of Directors of Gascoyne Resources Limited I take pleasure in presenting the Prospectus for the Company's Rights Issue to Eligible Shareholders.

On 4 April 2012 the Company announced an intention to raise approximately $6.7 million. This capital raising will be comprised of a placement to institutional and sophisticated investors of $2.1 million and a non-renounceable rights issue to raise approximately $4.6 million (in each case, before costs).

The Rights Issue will entail issuing approximately 22.8 million New Shares at a price of $0.20 per share, on the basis of 1 New Share for every 5 Existing Shares held. The funds raised will be used to develop our 100% owned Glenburgh Project, where two on-site rigs are currently undertaking a 40,000 metre drilling program, and to provide working capital.

Glenburgh has an Indicated & Inferred JORC compliant resource of 17.4Mt@ 1.3g/t Au (703,000 oz gold) from several prospects within a 20km long shear zone. Considerable resource growth potential exists around the deposits as well as at other regional targets that have had limited exploration over the last 15 years.

An independent Scoping Study completed in November 2011 concluded that the Glenburgh Project could support viable development and a twelve month Feasibility Study has commenced.

Nearby, the Company is also advancing other exploration projects at Bassit Bore (where surface sampling has identified a number of targets at the Harrier prospect, with rock chip sampling returning up to 73g/t Au and a number of +1g/t drill intersections), at Mt James (where historical drilling has outlined a +1 g/t Au mineralization over at least 2.5km strike within a 300m thick package of sheared mafic amphibolites and BIFs), and at Bustler Well, where previous RC drilling returned narrow high grade gold intersections including 1m @ 37.4g/t Au,2m @ 9.08 g/t Au and 3m@ 7.62 g/t Au from a 150m long quartz-shear lode.

I urge shareholders to read this Prospectus carefully before deciding whether or not to invest. An investment in Gascoyne Resources contains specific risks which you should consider before making that decision, and which are outlined in this Prospectus. If there is any matter on which you are unsure or require further information, you should consult your stockbroker, accountant or other professional advisor.

I look forward to your continuing support,

Yours sincerely

Graham D Riley
Chairman

## IMPORTANT NOTES

This Prospectus is dated 4 April 2012 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the content of this Prospectus. No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company will apply to ASX for the Shares to be granted quotation on ASX.

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. Refer to **section 1.10** for treatment of overseas shareholders. Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

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

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

This Prospectus including each of the documents attached to it and which form part of this Prospectus is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

In particular, it is important that you consider the risk factors (see **section** 5 of this Prospectus) that could affect the performance of the Company before making an investment decision.

Some words and expressions used in this Prospectus have defined meanings which are explained in **section** 7.

## ELECTRONIC PROSPECTUS

A copy of the Prospectus can be downloaded from the website of the Company at http://www.gascoyneresources.com.au, or the website of the ASX. Any person accessing the electronic version of the Prospectus for the purposes of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

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

# 1 DETAILS OF THE OFFER

## 1.1 The Issue

A non-renounceable pro rata entitlements issue to Eligible Shareholders of approximately 22.8 million New Shares (assuming no Options are exercised before the Record Date) on the basis of 1 New Share for every 5 Existing Shares held as at the Record Date at an issue price of $0.20 each to raise up to approximately $4.6 million before issue costs.

## 1.2 No Minimum Subscription

There is no minimum subscription for the Offer.

## 1.3 Underwriting

The Offer is not underwritten.

## 1.4 Entitlement to Rights Issue

Shareholders who are on the Company's Share Register at the close of business on the Record Date are eligible to participate in the Offer ("**Eligible Shareholders**").

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements.

An Application Form setting out your Entitlement to New Shares accompanies this Prospectus.

## 1.5 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** 3 and on the Application Form which accompanies this Prospectus.

## 1.6 Rights Trading

The Offer is non-renounceable. This means that the Rights of Eligible Shareholders to subscribe for New Shares under this Prospectus are not transferable and there will be no trading of Rights on ASX. Eligible Shareholders who choose not to take up their Rights will receive no benefit and their shareholding in the Company will be diluted as a result.

## 1.7 Shortfall

A Shortfall will arise if the Applications received for New Shares under the issue are less than the number of New Shares offered.

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any Shortfall Shares within 3 months after the Closing Date. Shortfall Shares will be issued at a price not less than the issue price of New Shares under the Rights Issue.

## 1.8 Applying for Additional New Shares

Eligible Shareholders may, in addition to their Entitlement, apply for additional New Shares regardless of the size of their present holding.

Any Entitlements not taken up may become available as Additional New Shares which may be placed by the Company. It is possible that there will be few or no Additional New Shares available for issue, depending on the level of take up of Entitlements by Shareholders. There is also no guarantee that in the event Additional New Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Offer that applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for. If a lesser number is allocated to them, excess application money will be refunded without interest. The Company reserves the right to scale back any applications for Additional New Shares in its absolute discretion.

### 1.9 Allotment and Application Money

New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that the New Shares will be issued on 16 May 2012 and normal trading of the New Shares on ASX is expected to commence on 17 May 2012.

All Application Money received before New Shares are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

Application will be made within seven days of the date of issue of this Prospectus for the New Shares to be granted Official Quotation by ASX. If such an application is not made within these seven days, or Official Quotation of the New Shares is not granted by ASX within three months of the date of this Prospectus, then the Company will not allot or issue any New Shares and all Application Money received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

If the New Shares are not quoted by ASX within three months after the date of this Prospectus, the Company will refund all Application Money in full.

The fact that ASX may agree to grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. ASX takes no responsibility for the contents of this Prospectus.

### 1.10 Issue Outside Australia and New Zealand

The Prospectus does not constitute an offer in any country or place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of the Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities law. Applicants who are resident in countries other than Australia and New Zealand 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 to enable them to subscribe for New Shares.

Accepting Eligible Shareholders resident outside Australia and New Zealand should first consult their professional advisers as to whether or not governmental or other consents are required, or whether formalities need to be observed to enable them to invest. Accepting Eligible Shareholders should also seek advice in respect of the taxation effect of an investment in the Company and dividends that the Company may distribute in the future.

The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

No action has been taken to register or qualify the New Shares or the Offer, or otherwise to permit a public offering of the New Shares in any jurisdiction outside Australia and 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 2002 (New Zealand).

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 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.

**1.11 Market Prices of Existing Shares on ASX**

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

| | 3 months high | 3 months low | Last Market Sale Price |
|---|---|---|---|
| **Existing Shares** | $0.31 on 8th of February 2012 | $0.225 on 23rd of March 2012 | $0.225 on 2nd of April 2012 |

**1.12 Opening and Closing Dates**

The Offer will open for receipt of acceptances on 24 April 2012 and will close on 9 May 2012, subject to the right of the Company to vary these dates.

**1.13 CHESS**

The Company participates in the Clearing House Electronic Sub-register System ("**CHESS**"). ASX Settlement Pty Ltd ("**ASX Settlement**"), a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you 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.

### 1.14 Rights and Liabilities attaching to the New Shares

The New Shares will rank equally in respect of dividends and in all other respects (e.g. voting, bonus issues) as Existing Shares.

A summary of the rights and liabilities attaching to the New Shares is set out in **section** 4.

### 1.15 Taxation Implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Rights Issue 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 Issue. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Issue.

### 1.16 Notice to nominees 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.

### 1.17 Enquiries

Any queries regarding the Offer or Entitlement and Acceptance Form should be directed to Eva O'Malley, Company Secretary on +61 8 9481 3434.

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

## 2 PURPOSE AND EFFECT OF THE ISSUE

### 2.1 Purpose of the Issue

The purpose of the Issue is to raise up to approximately $4.6 million before Issue costs.

The Directors intend to apply the proceeds from the Offer (together with the Company's existing cash reserves), for exploration, drilling, evaluation, feasibility studies and general working capital in accordance with the table set out below.

The table assumes that Entitlements are taken up in full and no Options are exercised before their expiry date.

| Proceeds of the Issue | $m |
|---|---|
| Administration and working capital | 0.5 |
| Exploration | 3.3 |
| Feasibility | 0.6 |
| Expenses of the Offer | 0.2 |
| **ESTIMATED TOTAL** | 4.6 |

Actual expenditure incurred on the Company's projects will depend on the results achieved. In the event that circumstances change or other opportunities arise the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders.

In the event the Company does not achieve Full Subscription, the funds raised (after payment of expenses of the Offer) will be applied firstly to further exploration at the Glenburgh Project. Any excess funds will be allocated to general working capital.

### 2.2 Effect of the Issue and Pro Forma Statement of Financial Position

The effect of the Issue will be (assuming no Options are exercised and Entitlements are taken up in full) that:

(a) cash reserves will initially increase by up to approximately $4.6 million (before costs); and

(b) the number of Shares on issue will increase from 113,849,600 to136,619,520.

This incorporates the effect of the Company's recent Placement, which raised $2.1 million and will result in the issue of 10,000,000 Shares.

### 2.3 Statement of Financial Position

Set out below is the Consolidated Statement of Financial Position of the Company as at 31 December 2011 (reviewed), and the Consolidated Pro-Forma Statement of Financial Position as at 31 December 2011 assuming Full Subscription on the basis of the assumptions detailed further. 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 reviewed financial report for six months ended 31 December 2011.

## GASCOYNE RESOURCES LIMITED
## Pro-Forma Statement of Financial Position

| | Consolidated Actual 31 December 2011 (Reviewed) | Consolidated Pro-Forma 31 December 2011 Full Subscription |
|---|---|---|
| | $ | $ |
| **Current Assets** | | |
| Cash and cash equivalents | 2,708,818 | 9,162,802 |
| Trade and other receivables | 123,049 | 123,049 |
| **Total Current Assets** | **2,831,867** | **9,285,851** |
| **Non Current Assets** | | |
| Property, plant and equipment | 132,917 | 132,917 |
| Exploration and evaluation | 8,997,933 | 8,997,933 |
| Other | 60,000 | 60,000 |
| **Total Non Current Assets** | 9,190,850 | 9,190,850 |
| **TOTAL ASSETS** | **12,022,717** | **18,476,701** |
| **Current Liabilities** | | |
| Trade and other payables | 177,264 | 177,264 |
| Employee benefits | 52,254 | 52,254 |
| **Total Current Liabilities** | **229,518** | **229,518** |
| **NET ASSETS** | **11,793,199** | **18,247,183** |
| **Equity** | | |
| Share Capital | 15,230,670 | 21,684,654 |
| Other components of equity | 202,280 | 202,280 |
| Accumulated losses | (3,639,751) | (3,639,751) |
| **TOTAL EQUITY** | **11,793,199** | **18,247,183** |

**Assumptions and Adjustments for Unaudited Pro forma Balance Sheet**

The Pro-Forma Statement of Financial Position includes the following assumptions and/or adjustments:

(a) $2.1 million raised from placement to institutional and sophisticated investors;

(b) 100% takeup of 1 for 5 rights issue at 20 cents to raise $4.6 million; and

(c) Estimated cost of the Issue of $200,000.

### 2.4 Effect on Capital Structure

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

**Capital Structure after Completion of Issue**

| Shares | |
|---|---|
| 103,849,600 | Shares quoted on ASX as at the date of this Prospectus |
| 10,000,000 | Shares issued under Placement |
| 22,769,920 | Shares issued pursuant to this Prospectus |
| 136,619,520 | Total issued Shares |

| Options | |
|---|---|
| 1,800,000 | Unlisted Options exercisable at $0.40 on or before 16 November 2013 |
| 1,000,000 | Unlisted Options exercisable at $0.40 on or before 31 August 2014 |

## 3 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

### 3.1 What you may do

As an Eligible Shareholder, you may:

- subscribe for all of your Entitlement (refer **section 3.2**);
- apply for Additional New Shares (refer **section 3.3**);
- allow all or part of your Entitlement to lapse (refer **section 3.4**).

### 3.2 To subscribe for all of your Entitlement

If you wish to subscribe for all of your Entitlement, complete the accompanying Application Form in accordance with the instructions set out in that form. The Application Form sets out the number of New Shares you are entitled to subscribe for. The completed Application Form must be accompanied by a cheque or bank draft made payable to "**Gascoyne Resources Limited – Share Issue Account**" and crossed "Not Negotiable" for the appropriate Application Money in Australian dollars calculated at $0.20 per New Share accepted, and received by the Company at either of the following addresses by no later than 5.00 pm (WST) on 9 May 2012. The Company will present the cheque or bank draft on or around the day of receipt of the Application Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Application Form.

If the amount of your cheque(s) or bank draft(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 Application 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 Application Form) or your Application may be rejected.

| By hand delivery: | By post: |
|---|---|
| Gascoyne Resources Limited<br>Level 2, 33 Ord Street<br>West Perth WA 6005 | Gascoyne Resources Limited<br>PO Box 1449<br>West Perth WA 6872 |

Alternatively, should you wish to pay by an electronic funds transfer, please contact the Company on 08 9481 3434 to receive the relevant bank account details.

### 3.3 To apply for Additional New Shares

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares regardless of the size of their present holding. Refer to **section 1.8** if you wish to apply for Additional New Shares.

A single cheque should be used for the Application Money for your Entitlement and the number of Additional New Shares you wish to apply for as stated on the Application Form.

### 3.4 Entitlements not taken up

If you are a Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement will become available to Eligible Shareholders as Shortfall Shares to be applied for.

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

The Company, will deal with any New Shares not accepted.

### 3.5 Application Form is binding

A completed and lodged Application Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the Application Form is not completed correctly, 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 Application Form is final.

By completing and returning your Application Form with the requisite Application Monies, 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:

- agree to be bound by the terms of the Offer;
- declare that all details and statements in the Application Form are complete and accurate;
- 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 Application Form;
- 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 Application Form;
- declare that you are the current registered holder of Shares, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- 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
- 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.

If you have any queries concerning your entitlement or allocation, please contact:

**Eva O'Malley, the Company Secretary**

**Tel:** +61 8 9481 3434 **Fax:** +61 8 9481 0411

or contact your stockbroker or professional adviser

## 4 RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

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

The rights attaching to the New Shares arise from a combination of the Company's Constitution, the Corporations Act, the ASX Listing Rules and general law. A copy of the Company's Constitution is available for inspection free of charge during business hours at its registered office.

### 4.1 Rights attaching to New Shares

The New Shares to be issued pursuant to this Prospectus are ordinary shares and will as from their allotment rank equally in all respects with all Existing Shares.

A summary of the rights attaching to the New Shares is set out below.

(a) Voting Rights

Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder. In the case of an equality of votes, the chairperson will not have a casting vote.

(b) Dividends

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve but only out of profits of the Company. The Directors may determine the method and time for payment of the dividend.

(c) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus may be divided among the shareholders of the Company.

(d) Transfer of Shares

Generally, shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, ASX Settlement Operating Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules, or under the Company's Constitution.

(e) Further Increases in Capital

Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.

(f) Variation of Rights

Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the terms of issue of shares in a particular class, the

Company may vary or cancel rights attached to shares in that class by either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.

(g) Meetings and Notices

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

## 5 RISK FACTORS

### 5.1 General

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares. Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares.

The Directors have considered and identified in this section of the Prospectus the critical areas of risk associated with investing in the New Shares. The risks identified by the Directors are not exhaustive and potential investors should read this Prospectus in full and seek professional advice if they require further information on material risks in deciding whether to subscribe for New Shares.

### 5.2 Exploration and Evaluation Risks

The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

In the case of exploration targets, it should be noted that these are conceptual in nature, there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

### 5.3 Ability to exploit successful discoveries

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploration would involve obtaining the necessary licences or clearances from the relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploration may require participation of other companies whose interests and objectives may not be the same as the Company's.

### 5.4 Mining and development risk

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforseen events.

### 5.5 Native Title and Title Risks

Interests in tenements in Australia are governed by their respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest; there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

**5.6 Future capital requirements**

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

**5.7 Resource Estimations**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

**5.8 Environmental Risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to the highest standard of environmental management, including compliance with all environmental laws.

**5.9 Joint Venture Parties, Agents and Contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

## 5.10 Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

## 5.11 Reliance on Key Personnel

The Company's success depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate, in the metals and mining industry and the Company's ability to retain its key executives.

## 5.12 Legislative changes and Government Policy

Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company's capacity to explore and mine, in particular the Company' ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

## 5.13 Fluctuations in Metal Prices

The price of gold, other precious metals and other minerals fluctuates widely and is affected by numerous factors beyond the control of the Company such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. The supply of metals from the Company's mining properties, including the Glenburgh Project, is dependent upon the price of gold, other precious metals and other minerals being adequate to make these properties economic. Future serious price declines in the market value of gold, other precious metals or other minerals could cause the continued development of, and eventually the commercial production from, the Glenburgh Project and the Company's other properties to be rendered uneconomic. Depending on the price of gold, other precious metals and other minerals, the Company could be forced to discontinue production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even as commercial quantities of gold and other precious metals are produced, a profitable market will exist for them.

In addition to adversely affecting the reserve estimates of the Company and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

## 5.14 Commodity Price and Exchange Rate Risks

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

## 5.15 The Company Does Not Have Any Production Revenues

To date, the Company has not recorded any revenues from its projects nor has the Company commenced commercial production on any of its properties. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as additional consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Glenburgh Project are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which are beyond the Company's control.

The Company expects to continue to incur losses unless and until such time as its Glenburgh Project enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company's Glenburgh Project will require the commitment of substantial resources to conduct the time-consuming exploration and development. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

## 5.16 Economic risk

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

## 5.17 Market conditions

The market price of New Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

## 5.18 Security investments

Applicants should be aware that there are risks associated with any New Shares investment. Securities listed on the stock market, and in particular New Shares of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the New Shares regardless of the Company's performance.

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforseen events.

## 5.19 Other risks

Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Company's business or trade.

# 6 ADDITIONAL INFORMATION

## 6.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111 AC 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 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 enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

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

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

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

(b) copies of documents lodged with 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 ASIC; and

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

    (i) the financial statements of the Company for the financial year ended 30 June 2011 being the last financial statements for a financial year, of the Company lodged with ASIC before the issue of this Prospectus; and

(ii) any half-year financial statements of the Company lodged with ASIC since the lodgment of the last financial statements for the year ended 30 June 2011 and before the issue of this Prospectus; and

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

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

The Company has lodged the following announcements with ASX since the lodgment of the 2011 audited financial statements:

| Date | Description of Announcement |
|---|---|
| 3 April 2012 | High Grade Gold Intersection From First Diamond Drill Hole |
| 3 April 2012 | Suspension from Official Quotation |
| 2 April 2012 | Trading Halt |
| 20 March 2012 | Investor Presentation March 2012 |
| 19 March 2012 | Second Drilling Rig Arrives at Glenburgh Gold Project |
| 28 February 2012 | Feasibility Drilling Update - Glenburgh Gold Project |
| 14 February 2012 | Broker Presentation 703,000 oz Gold Resource |
| 9 February 2012 | Half Year Financial Report |
| 8 February 2012 | Glenburgh Gold Resource Increased To Over 700,000 oz |
| 7 February 2012 | Trading halt |
| 6 February 2012 | Glenburgh Mining Lease |
| 25 January 2012 | Quarterly Report December 2011 |
| 16 December 2011 | Promising Results from Bassit Bore |
| 12 December 2011 | Change of Director`s Interest Notice x5 |
| 12 December 2011 | Appendix 3B |
| 01 December 2011 | Broker Presentation |
| 30 November 2011 | Change of Director`s Interest Notice x4 |
| 30 November 2011 | Appendix 3B |

| | |
|---|---|
| 28 November 2011 | Encouraging New Aircore Results Extend Glenburgh Deposits |
| 21 November 2011 | Release of Restricted Securities |
| 16 November 2011 | Change of Director`s Interest Notice |
| 16 November 2011 | Appendix 3B |
| 16 November 2011 | Results of Meeting |
| 16 November 2011 | Chairman`s Address to Shareholders |
| 16 November 2011 | Positive Scoping Study - Glenburgh Gold Project |
| 04 November 2011 | Outstanding Gold Intersections at Zone 126 - Glenburgh |
| 31 October 2011 | Quarterly Report September 2011 |
| 27 October 2011 | Significant Intersection from Torino Prospect |
| 12 October 2011 | Annual Report to shareholders |
| 12 October 2011 | Notice of Annual General Meeting/Proxy Form |
| 12 October 2011 | More Positive Gold Results From Glenburgh |
| 29 September 2011 | Full Year Statutory Accounts |

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.

### 6.2 Tenements

The Company is currently engaged in ongoing discussions with various tenement holders to acquire additional tenements to those it currently holds. No arrangements to acquire additional tenements have been agreed as at the date of this Prospectus.

### 6.3 Directors' Interests

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

(a) the formation or promotion of the Company;

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

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

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

Directors' direct and indirect interests in securities of the Company at the date of this Prospectus are:

| Name | Securities |
|---|---|
| Michael Dunbar | 1,500,000 Shares (indirect interest)<br>1,800,000 Options exercisable at $0.40 expiring on 16 November 2013, vesting 50% on issue and 50% on 16 November 2012 (indirect interest) |
| Gordon Dunbar | 886,379 Shares (indirect interest) |
| Graham Riley | 11,727,559 Shares (indirect interest) |
| John den Dryver | 200,000 Shares (indirect interest) |
| Stanley Macdonald | 1,860,679 Shares (direct interest)<br>10,277,199 Shares (indirect interest) |
| Rodney Michael Joyce | 4,400,000 Shares (direct interest)<br>3,021,993 Shares (indirect interest) |

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 in such proportion and manner as they agree or in default of agreement then in equal shares.

In the two years preceding lodgment of this Prospectus, $885,254 (excluding GST where applicable) has been paid by the Company by way of remuneration for services provided by all Directors, companies associated with the Directors or their associates in their capacity as Directors, employees, consultants or advisers. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

### 6.4 Interests and Consents of Experts and Advisers

Allion Legal, in its capacity as solicitors to the Company, has given (and not before the date of this document withdrawn) its consent to be named in this document in the form and context in which it is named.

Allion Legal has not:

- authorised or caused the issue of this Prospectus;
- made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this section; or
- assumed the responsibility for any part of this Prospectus except as set out in this section and to the maximum extent permitted by law, expressly disclaims responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

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

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the offer of Shares pursuant to this Prospectus.

Allion Legal is entitled to be paid $22,500 for advice and assistance in relation to certain aspects of this Prospectus, assisting the Company in relation to its due diligence regime and enquiries and in relation to application for quotation of the New Shares on ASX.

Allion Legal received the amount of $30,188 during the year ended 31 December 2011 and $7,155 during the year ended 31 December 2010. These amounts were paid for the provision of professional services to the Company and are exclusive of GST.

References to Advanced Share Registry Services appear for information purposes only. Advanced Share Registry Services has not been involved in, authorised or caused the issue of this Prospectus.

## 6.5 Competent Person Statement

Information in this Prospectus pertaining to mineral resources and exploration results is based on data compiled by Gascoyne Resources Limited's Managing Director Mr Michael Dunbar, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Dunbar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activities that he is undertaking to qualify as a "Competent Person" as defined in the JORC Code. Mr Michael Dunbar consents to the inclusion of the data in the form and context in which it appears in the Prospectus.

## 6.6 Estimated Expenses of Issue

The estimated expenses of the Issue are approximately $200,000 including fees payable to legal advisers, ASIC, ASX and printing costs.

## 6.7 Litigation

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

## 6.8 Privacy Act

If you complete an application for New Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

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

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

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

### 6.9 Directors' Consent

Each Director has consented to the lodgment of this Prospectus with ASIC.

Signed on behalf of the Directors pursuant to a resolution of the Board.

**Michael Dunbar**
Managing Director

## 7 GLOSSARY

"**$**" and "**dollars**" means Australian dollars, unless otherwise stated.

"**Additional New Shares**" means New Shares in addition to an Eligible Shareholder's Entitlement for which an Applicant makes an Application.

"**Application**" means an application for New Shares pursuant to the Application Form.

"**Application Form**" means the Application form attached to or accompanying this Prospectus.

"**Application Money**" means the money received from Eligible Shareholders in respect of their Application.

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

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

"**ASX Settlement Operating Rules**" means the settlement rules of ASX Settlement Pty Ltd (ABN 19 008 504 532).

"**Board**" means the board of Directors.

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

"**CHESS**" means ASX Clearing House Electronic Sub-registry System.

"**Closing Date**" means 9 May 2012, or such other date as may be determined by the Directors under this Prospectus.

"**Company**" or "Gascoyne" means Gascoyne Resources Limited (ABN 57 139 522 900).

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

"**Corporations Act**" means the *Corporations Act 2001* (Commonwealth).

"**Director**" means directors of the Company at the date of this Prospectus.

"**Eligible Shareholders**" means a Shareholder as at the Record Date.

"**Entitlement**" or "**Right**" means a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus.

"**Existing Share**" means a fully paid ordinary share in the capital of the Company on issue at the date of this Prospectus.

"**Full Subscription**" means the amount of $4.6 million (less issue costs) to be raised under the Offer.

"**Issue**" means the issue of Shares under this Prospectus.

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

"**New Shares**" means a fully paid ordinary share in the capital of the Company to be issued under this Prospectus.

"**Offer**" means the offer of 1 New Share for every 5 Existing Shares held at the Record Date at an issue price of $0.20 per New Share.

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

"**Option**" means an option to subscribe for a Share.

"**Placement**" means the placement of 10 million Shares with sophisticated and professional investors pursuant to sections 708(8) and 708(11) of the Corporations Act to raise up to $2.1 million, before costs of issue.

"**Prospectus**" means the prospectus constituted by this document.

"**Record Date**" means 5pm WST on 20 April 2012.

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

"**Shareholder**" means the holder of a Share.

"**Shortfall**" will occur if the Company does not hold successful valid Applications for all the New Shares offered by the Company under this Prospectus by the Closing Date.

"**Shortfall Shares**" means New Shares for which successful valid Applications have not been received by the Closing Date.

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

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

"**WST** "means Western Standard Time.