

# **ZODIAC CAPITAL LIMITED**

ACN 126 263 170

## **INFORMATION MEMORANDUM**

For the offer to apply for 10,000,000 fully paid Shares in the capital of Zodiac Capital Limited at \$0.18 each raising \$1,800,000 together with one attaching 2012 Option for each Share subscribed exercisable at 30 cents per Option up to 31 December 2012.

### **ACCEPTANCES**

This Offer may only be accepted by persons who are Sophisticated Investors within the meaning of s. 708(8) of the Corporations Act, to whom the offer is made through a financial services licensee in accordance with s. 708(10) of the Corporations Act or other persons to whom the Issuer considers offers can be made under s. 708 of the Corporations Act without the need for disclosure under Part 2D.2 of the Corporations Act.

Sponsoring Broker: Findlay & Co Stockbrokers Limited (ACN 065 943 982)

The securities offered by this Information Memorandum are of a speculative nature.

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Mr Robin Armstrong  
Mr Peter Boonen  
Mr Don Benard  
Dr Allen Bain

### **COMPANY SECRETARIES**

Mr Colin Bloomfield  
Mr Gulshan Jugroo

### **REGISTERED OFFICE**

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Level 6, 50 Clarence Street  
Sydney, NSW 2001  
Phone (02) 9299 9551  
Fax (02) 9299 9501

### **CORPORATE OFFICE**

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Phone (02) 9299 9270  
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### **ACCOUNTANT**

Colin Bloomfield & Associates  
Level 6, 50 Clarence Street  
Sydney NSW 2001  
Phone (02) 9299 9551  
Fax (02) 9299 9501

### **AUDITORS**

Pitcher Partners  
Level 3, 60 Castlereagh Street  
Sydney NSW 2000  
Phone (02) 9221 2099

### **SHARE REGISTRY**

Registries Limited  
Level 2, 28 Margaret Street  
Sydney NSW 2000  
Phone (02) 9290 9600  
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### **SPONSORING BROKER**

Findlay & Co Stockbrokers Limited  
Level 12, 10 Spring Street  
Sydney NSW 2000  
Phone (02) 9259 8000  
Fax (02) 9247 9342  
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### **SOLICITORS**

Holman Webb  
Level 17, Angel Place  
123 Pitt Street  
SYDNEY NSW 2000  
Phone (02) 9390 8000  
Fax (02) 9390 8390

### **BANK**

Westpac  
New South Head Road  
Double Bay NSW 2026

## **IMPORTANT INFORMATION**

This Information Memorandum for Zodiac Capital Limited, referred to in this Information Memorandum as "Zodiac", "Zodiac Capital" or "the Company" is dated 23 November 2007. It has not been lodged with the Australian Securities and Investments Commission ("ASIC").

The National Stock Exchange of Australia Limited ("NSX") takes no responsibility for the contents of this Information Memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Information Memorandum.

This Information Memorandum is not a prospectus and as such information disclosures contained in it may be of a lower level than required for a prospectus prepared in accordance with the Corporations Act.

Application will be made for listing of the Shares and 2012 Options offered by this Information Memorandum by NSX. The fact that NSX may list the Shares and/or the 2012 Options is not to be taken in any way as an indication of the merits of the Company or the listed securities.

## CHAIRMAN'S LETTER

Dear Investor,

I invite you to become a shareholder in Zodiac Capital Limited.

Zodiac Capital has recently been established as an investment company with the objective of achieving above market returns to both the Company and its shareholders. The Company's major investment focus is intended to be within the resource and energy market sectors; opportunities in China, the Asian Pacific region; and to a lesser degree within the financial services, communications and Internet market sectors, and in small-cap marketable securities.

The Company's Directors have extensive investment and corporate finance experience in Australia and overseas. Your Board has diverse industry experience and is well qualified to implement the Company's investment strategy and to position the Company for long term capital growth and shareholder returns.

In seeking to achieve above market returns, Zodiac Capital's main objective will be to invest in or facilitate projects or businesses where the Company will take a principal role in financing arrangements and/or early business development, with the ultimate aim of taking these projects public on a recognised stock exchange. The achievement of listed status for each project undertaken or invested in represents the Company's main exit strategy.

Zodiac's key strategy for building shareholder value is for the Company to:

- 1) Give existing shareholders in the Company an opportunity to participate at an early stage in selected projects that it undertakes or develops through an investment in a subsidiary to which the Company will agree to transfer project assets. These subsidiaries will then be positioned for a public offering and listing on a stock exchange.
- 2) Seek to hold between 15% and 35% of the post-IPO share capital of each subsidiary and thereby continuing to build the Company's capital and asset base.

Our Company currently has two resource industry projects in development:

- A potential world-class iron ore deposit in the Philippines
- A new geoscience-based resource discovery technology

Other opportunities that are under early review include energy and refinery projects, gold properties in the Philippines, China and Australia, as well as magnesium, lead/zinc, nickel and polymetallic properties.

With the current strong market demand, particularly for iron ore as well as other mineral commodities we believe that the Company is well positioned to achieve its investment objectives during the current financial year and thereby position itself and its shareholders for further opportunity.

With the gold price breaking through US\$800 per ounce over the past 30 days and iron ore prices forecast to increase at least a further 20 - 30% for 2008 ore sales, our Board is confident that the investment case for our Company and our initial projects is both strong and well timed.

On behalf of the Board of Zodiac Capital, I commend this Information Memorandum to you and the opportunity to participate in the ownership of our Company. We look forward to welcoming you as a shareholder.

Yours Sincerely,

**Robin Armstrong**  
Chairman

## INDICATIVE DATES

Opening Date	23 November 2007
Closing Date	5 December 2007
Expected despatch date for Statements of Shareholding	7 December 2007
Expected date for quotation on NSX	17 December 2007

The above dates are indicative only and the Directors expressly reserve the right to vary the Offer dates and to extend the Issue or to close it at an earlier date.

## APPLICATION FOR LISTING

The Company will apply to NSX to be admitted to the Official List and for quotation of the Shares and 2012 Options on the NSX. If granted, Official Quotation will commence as soon as practicable after the allotment of the subscribed Shares and 2012 Options.

## FORWARD LOOKING STATEMENTS

Various statements in this Information Memorandum constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties, unexpected events and other important factors many of which are beyond the control of the Company that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed herein. Accordingly, no guarantee can be given that the forward-looking statements will occur as portrayed herein.

## INFORMATION

No person is authorized to give any information or to make any representation in connection with the Offer of the Securities described in this Information Memorandum which is not contained in this Information Memorandum. Any information or representation not so contained may not be relied upon as having been authorized by the Company in connection with this Offer.

## IMPORTANT CONSIDERATIONS FOR APPLICANTS

Before deciding to invest in the Company, potential investors should read the entire Information Memorandum and in particular the risk factors identified in Section 6 herein.

Applicants for Securities should understand that investment in Zodiac Capital Limited is inherently more speculative than investment in a company carrying on an established business where the assets or business can be subjected to independent scrutiny by independent experts whose reports form part of the Information Memorandum.

In the present situation Applicants are relying substantially on the capacity and performance of the directors and management of the Company.

Applicants should not invest in the Company if they are not satisfied that:

- the qualifications and employment history of the directors and management show that they have the ability to implement the investment programs referred to herein; or
- the directors will be able to provide their services on a sufficiently timely and regular basis to carry out the proposed activities; or
- the investment strategy, objectives and parameters are adequate or appropriate.

Applicants should consider the information contained in this Information Memorandum in the light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional advisor before deciding to invest in any Securities the subject of this Information Memorandum. They should understand that any investment is both speculative and subject to a wide range of risks and that, unless the Company achieves its investment objectives, they may lose the entire value of their investment.

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**IMPORTANT INFORMATION**

This Information Memorandum is dated 23 November 2007. A copy of this Information Memorandum has not been lodged with ASIC.

No applications for Shares or 2012 Options will be accepted nor will any new Shares or 2012 Options be issued on the basis of this Information Memorandum until the full \$1,800,000 Subscription has been obtained.

This Information Memorandum has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any other country. The Shares and 2012 Options the subject of this Information Memorandum have not been, nor will they be, approved by, nor registered with, any regulatory authority of any other country. This Information Memorandum does not constitute an offer to any person to whom, or in any jurisdiction in which, it would not be lawful to issue this Information Memorandum.

**The Information Memorandum will only be available during the Offer Period. During the Offer Period any person may obtain a copy of this Information Memorandum by contacting the Company at Level 1, 275 George Street, Sydney, NSW 2000, by email at [info@zodiaccap.com](mailto:info@zodiaccap.com) or by phone on (02) 9299 9270 or by facsimile on (02) 9299 9276. A copy of the Information Memorandum can also be obtained from the Company's sponsoring broker, Findlay & Co Stockbrokers Limited at Level 12, 10 Spring Street, Sydney, NSW 2000, phone (02) 9259 8000, facsimile (02) 9247 9342.**

Investors can only apply for Shares and 2012 Options using the Application Form attached to or accompanying this Information Memorandum. The Application Form must not be circulated or handed on to prospective investors unless accompanied by a copy of this Information Memorandum.

No person has authority to give any information or make any representation in connection with the Offer that is not contained in this Information Memorandum. Any information not incorporated by express reference or in this Information Memorandum may not be relied on as having been authorised by the Company in connection with the Offer.

This Information Memorandum is important and should be read in its entirety, together with the application form attached to this Information Memorandum.

## **1. EXECUTIVE SUMMARY**

### **1.1 Objective**

The primary objective of the Company is to develop as an aggressive investment and transaction oriented business focused on wealth creation for its shareholders. The main investment activities of the Company are expected to focus on advanced development stage projects and opportunities that are suitable for future listing on recognised stock exchanges and may require further working capital, development assistance and/or management to realize their respective potential. The major investment focus is intended to be within the resource and energy market sectors; opportunities in China, the Asian Pacific region; and to a lesser degree within the financial services, communications and Internet market sectors.

Additionally, the Company will also trade in securities and, to the extent that the Company proposes to invest in listed securities, these opportunities may be in companies that are publicly listed on any exchange globally.

To avoid any adverse impact on the Company from any single or individual investment loss, the Company proposes to invest in a number of business development and security interests in diverse global jurisdictions.

The Company's underlying investment philosophy, investment strategy and assessment criteria are set out in more detail in Section 2 of this Information Memorandum.

### **1.2 Current Investments**

The Company's initial investment projects have all been established through acquisition from interests associated with Zodiac's Managing Director and a non-executive director. Through an agreement with Key Capital Corporation (See Material Agreements Section 7.1) the Company has the rights to directly progress investigation and negotiation to potentially acquire a number of resource projects. Included within the agreement was the assignment of a concluded agreement for a Philippine Gold Project that the Company has terminated since the assignment. A summary of the Company's current project investments include the following:

#### **1.2.1 Investee Projects**

- Iron Ore - Philippines (84% interest) – Through agreement (See Material Agreements Section 7.1) the Company has the right to acquire the granted Exploration Permits over accessible areas of the known reserves of magnetite in north and north west Luzon in the Philippines, estimated on a pre-JORC basis to potentially contain over 1.5 billion tonnes of iron ore.
- Resource Geoscience Technology (51% interest) – Through agreement (See Material Agreements Section 7.1) the Company has acquired a 51% interest in LocatOre Pty Limited, a company that is commercialising a unique new proprietary geoscience exploration tool that has already been instrumental in resource discovery during its development phase.

#### **1.2.2 Share Trading Account**

Zodiac Capital holds minority investment and trading positions in a number of companies which had a market value of approximately \$322,375 at close of market on September 30, 2007. These positions may vary in the normal course of business during the time that the Securities offered under this Information Memorandum are on offer to investors and the value of this portfolio could either rise or fall during this or any subsequent period.

### **1.3 The Offer**

The Company offers for subscription 10,000,000 Ordinary Shares and 10,000,000 attaching 2012 Options to raise \$1,800,000. The rights attaching to the Shares and 2012 Options are set out in Section 7 of this Information Memorandum.

The Company may accept oversubscriptions for an additional 5,000,000 Shares and a further 5,000,000 attaching 2012 Options to raise a further \$900,000 (see Section 4.1 herein).

The issue is not underwritten.

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### 1.4 Capital Structure

The capital structure of the Company prior to the Offer and its capital structure before oversubscriptions upon completion of the Offer are set out below. In the event that the total 5,000,000 oversubscription shares are issued then the total number of issued Shares and 2012 Options would increase by 5,000,000 to 67,900,000 respectively. The summary should be read in conjunction with the information detailed in Sections 4 and 7 of this Information Memorandum.

Shares	
On Issue prior to Offer	52,900,000
New Shares Issued under the Offer	10,000,000
<b>Total Shares</b>	<b>62,900,000</b>

Options	2010 Options	2012 Options
On Issue prior to Offer	19,000,000	52,900,000
New Options Issued under the Offer		10,000,000
<b>Total Options</b>	<b>19,000,000</b>	<b>62,900,000</b>

The Company has also established an Executive Management Option Scheme pursuant to which up to 10,000,000 Executive Management Options to take up Shares in the Company may be issued. As at the date of the Information Memorandum none of these options have been granted.

### 1.5 Financial Position

The Company's unaudited post offering (completion of this Offer, excluding oversubscriptions) balance sheet is summarised and represented as follows:

	Post Offering \$(000)
<b>Assets</b>	
<b>Current assets</b>	
Cash	2369
Listed shares (at market value)	322
Other assets	57
	<u>2748</u>
<b>Non-current assets</b>	
Fixed assets	46
Investments	1956
Development costs	35
	<u>2037</u>
<b>Total assets</b>	<b><u>4745</u></b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Trade Creditors	66
<b>Total liabilities</b>	<b><u>66</u></b>
<b>Net assets</b>	<b><u>4719</u></b>
<b>Shareholders' equity</b>	
Current capital	3,575
New issue	1,800
Less issue costs	(225)
Accumulated loss	<u>(431)</u>
<b>Net Equity</b>	<b><u>4719</u></b>



## **ZODIAC CAPITAL LIMITED**

### **1.6 Directors**

Collectively, the Company's Directors have extensive experience in investment and banking industries in Australia and other countries and are qualified to determine and implement the Company's strategies required to achieve the Company's financial objectives.

The Directors' network of contacts, particularly in Australia, Asia, UK, Canada and the United States, should provide further opportunities to develop the Company's investment project portfolio.

### **1.7 Risk Factors**

An investment in the Company is speculative and involves a number of risks. While the Directors intend to focus management on investment risk minimisation, no assurances can be given by the Company to Shareholders as to the success or otherwise of its business. Investors should consider the risk factors identified in this Information Memorandum, particularly those identified in Section 6, before applying for Shares.

## **2. BUSINESS OVERVIEW**

### **2.1 Introduction**

Zodiac Capital was incorporated on 28 June 2007 and subsequently, raised \$800,000 in seed capital through the transfer of listed securities to the Company from interests associated with the Company's Managing Director and from a company of which non-executive director, Dr Allen Bain, is a director. In November 2007, the Company raised a further \$825,000 at \$0.15 per share from sophisticated investor clients of Findlay & Co Stockbrokers Limited. In addition, the Company has acquired interests in two investee projects as previously detailed and further discussed within this Information Memorandum. The seed capital has been used as working capital to progress the Company's objectives.

### **2.2 Investment Objective**

The Company's investment objective is to achieve above market returns for its shareholders from its investment activities.

The major investment thrust of the Company will be on the strategic and leveraged investments in projects the Company can progress, value-add and independently list on a stock exchange within a target 6 to 18 month time frame from acquisition or project commencement.

Simultaneously with this Offer, Investors in Zodiac are also being offered through a separate offer an opportunity to invest in the Company's subsidiary Colossal Mining Limited. Zodiac has agreed to transfer its interest in its Philippines iron ore project to Colossal Mining Limited. The arrangements regarding Colossal Mining Limited reflect the Company's key strategy for building shareholder value. The Company intends on a project by project basis to give existing shareholders in the Company an opportunity to participate at an early stage in each project through an investment in a subsidiary to which the Company will agree to transfer project assets. These subsidiaries will then be the subject of an initial public offering and listing on a stock exchange. Generally, Zodiac will seek to retain and hold between 15% and 35% of the post-IPO share capital of each subsidiary.

Should any assets be otherwise realised, for either cash and/or shares, then a percentage of any net proceeds of such realisation may be distributed proportionately to the Company's shareholders, at the discretion of the Company and also subject to compliance with the Corporations Act and the Listing Rules.

To the extent that the Company proposes to invest or trade in securities, it will do so primarily in securities listed on the ASX and the NSX but may also do so on overseas exchanges. Investments in companies proposing to list on these exchanges may also be considered.

However, the Company's major focus is in its positioning as an aggressive transaction based investment company focusing on deal flow, with emphasis primarily on emerging strategic opportunities in the resource and energy sectors, on industries and opportunities within Asian growth countries and within the financial services sector.

## **2.3 Investment Strategy**

The Company's major investment initiatives encompass the following key strategic objectives:

- Significant positions or total ownership will be sought in project candidates.
- Generally investment projects will be structured with an identified short term exit strategy of merging any such project into a special purpose vehicle which Zodiac would position for a public listing on a stock exchange.
- Alternative exit strategies that may be considered such as sale, joint venture or similar within a maximum 18 months target time frame.
- The Company will seek to significantly value add each investment project within a target 3 to 12 month time frame from acquisition or participation.
- The Company intends to retain a substantial interest of all projects as an investment interest, which may comprise listed shares.

## **2.4 Share Trading and Investment in Listed Securities**

The Company's further investments will be through its share trading and investment activities where the Company will invest in marketable securities of listed small cap companies. These listed companies, which often have market capitalisations of less than \$50 million, are generally recognised as speculative. While trading activities will be predominantly in listed companies, the Company may from time to time invest in pre IPO securities of companies.

Investments will be held for such time as the Directors determine and may be sold at any time. In making investment decisions, the Company will generally take a short to medium term view with respect to any investment in shares. The Company will also adopt a stop loss approach to any security it may invest in where, if the investee suffers adverse financial or commercial circumstances or where the industry in which it operates suffers significant downturn that is assessed to affect share price, within the anticipated period of investment, the Company may elect to sell out its investment and limit its losses.

While the Company will generally take a short to medium term view of its share trading investments, it will be prepared to crystallise profits at any time in the short term where it is appropriate to do so. The Company will also realise investments, where this is necessary, to provide funding for what are perceived as more attractive investment opportunities.

## **2.5 Investment Process**

Investment opportunities will be identified through a variety of methods. Many investment opportunities will come to the Board's notice as a result of the Board's diverse and extensive contact base. Other opportunities will be identified from discussions with brokers and other industry professionals, and by focus on industries in which the Company proposes to invest. Where a significant investment is proposed, the Company may seek to conduct such due diligence as would be deemed appropriate to the scale of proposed investment. Where an entity is more speculative, based either on proprietary technology or resources, review will be undertaken of the nature of the technology or resources, and its commercial prospects; and, where and if appropriate, independent experts may be engaged to provide commentary or analysis.

Following listing on the NSX the Company will not invest in interests associated with its Directors or major shareholders without prior approval of members in general meeting or where such investment may not be compliant with the Corporations Act and/or the relevant Listing Rules.

## **3. DESCRIPTION OF CURRENT INVESTMENTS**

The Zodiac iron ore project has been secured through the assignment and acquisition of all the rights and interests of companies associated with Zodiac's Managing Director, Mr Peter Boonen and non-executive director, Dr Allen Bain (See Section 7.1 Material Agreements) in consideration of payment of establishment and project payment costs of \$125,000 to MDM Group Inc, a shareholder of the Company, payment of fees totalling \$250,000 following the Company's listing to SoLogic Investment Group Pty Ltd, also a shareholder of the Company; and, 15,000,000 Shares issued at \$0.10 each and 15,000,000 attaching 2012 Options to Key Capital Corporation.

The Company's iron ore project is in the Philippines which due to the current political, economic and resource industry circumstances in that country is representative of the entry opportunities to major projects that the Company will continue to pursue.

## **ZODIAC CAPITAL LIMITED**

### **Why the Philippines?**

Up until approximately 25 years ago, mining was still a backbone industry of many provinces in the Philippines, due to the country's rich resource assets. Historically, the Philippines was a significant producer of gold and an exporter of iron ore, the latter contributing to the early industrialization of Japan. The Philippines then entered a phase of political turmoil and the mining sector went into a recessionary state for approximately 25 years with beach and offshore mining being banned. In recent years the Philippines is witnessing a dramatic turnaround under the current government. With the resource market booming globally, President Gloria Macapagal-Arroyo and Secretary Angelo Reyes of the Department of Energy and Natural Resources (DENR) have aggressively promoted the revitalization of the almost dormant mining industry positioning this sector as the major growth contributor that can realistically and positively impact the ailing Philippine economy.

### **The Philippine Mining and Business Environment Today**

- The democratic Philippines have a free market economy.
- The Philippines is a prolific mineralized country located in the Pacific "Ring of Fire", and globally ranking third in gold resources, fourth in copper and fifth in nickel.
- There is major potential for further significant discoveries as, despite its vast mineral wealth, the Philippines has seen little modern exploration.
- The Philippines is a natural gateway to other Asia Pacific economies, particularly China, Korea, Japan, Malaysia and Taiwan with their strong demand for metals.
- A change in government policy from tolerance of mining to active promotion with the issue of Executive Order No. 270, in January 2004, setting the National Policy Agenda on Revitalizing Mining in the Philippines.
- 100% foreign ownership allowed following Supreme Court decision abolishing legal obstacles to the implementation of the Philippine Mining Act of 1995.
- The Philippines has attractive tax incentives for foreign investors and guarantees repatriation of the earnings and capital.

The circumstances fuelling an economic recovery within the Philippines today are unique. Driven by the government's resource-driven economic resurgence program, the country is forecasting sector revenue of approximately US\$2 billion in the current year, but expects this to rise to over US\$10 billion within the next 3-5 years. Indicative of the industry direction is the level of increasing foreign investment into the resource sector with current year foreign investment around US\$348 million being forecast to increase to US\$1.55 billion in 2008 and US\$2.76 billion in 2009. Even these forecasts are considered conservative with companies such as Australia's BHP Billiton and Japan's Sumitomo indicating potential resource infrastructure commitments of US\$1 billion each.

### **3.1 Iron Ore Project – North West Luzon, Philippines**

#### **Background**

Zodiac has entered into an agreement (see Section 7.1 Material Agreements) to acquire 84% of the rights to five Exploration Permits for major magnetite deposits within approximately 320 square kilometres in the offshore waters along the North and North West Luzon coast in the Philippines.

The Company's Directors believe that the deposits within the Exploration Permits constitute easily accessible areas of the known reserves of magnetite in North and North West Luzon and potentially represent a world-class large-scale resource with a pre-JORC reserve potentially between 1.5 billion tonnes and 3 billion tonnes of iron ore. Significant details of the project are:

- A ban on offshore mining has recently been lifted in the Philippines giving rise to the opportunity to exploit a global scale iron ore resource that has many advantages over existing suppliers to the China and Asian markets.
- Extensive exploratory works were conducted in the 1970s and 1980s prior to the offshore ban being imposed with over 2,700 lineal kilometres of traverse seismic, echo sounding and magnetic survey being completed.
- All the resource is in shallow coastal waters with most being visible from the air.
- Sample testing indicates that the resource comprises fine magnetite sands with the resource grain size not exceeding 500 microns with 14.1% being between 250 and 500 microns and the balance less than 250 microns.
- Five Exploration Permits totalling over 320 square kilometres have been granted.

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- Validation sampling has been conducted.
- Metallurgical and chemical analysis of magnetite samples and microscopic and x-ray diffraction (XRD) analysis of magnetite samples confirm high grade and quality.
- Small area confirmed but not JORC compliant by drilling program outlining 7.4 million tonnes of iron ore.
- Mining through dredge recovery may provide for a cost advantageous mining operation with barge to shipping transfers possible without the need for any major road or rail infrastructure.

Two major economic points of significance are:

- Freight contributes a major cost factor for all iron ore importers. Freight costs from Brazil to China are currently (October 2007) in the order of US\$85 per ton and from Australia US\$35 per ton. With the Philippine resource being less than a third the distance from China than Australia and a tenth of the distance from Brazil, freight costs savings are expected to be a major factor that will influence the economics of the Philippine resource.
- During October 2007, following scheduled negotiations led by BHP Billiton and Rio Tinto with China steel mills, an iron ore price increase of 20-30% is forecast by industry analysts.

### **Development Recommendation and Approach**

Zodiac Capital has commenced discussion with several Chinese steel mill interests seeking to secure off take agreements for the magnetite planned to be mined. The Company expects that these discussions may lead to Chinese steel mill interests potentially securing an equity position in Colossal Mining Limited, the proposed company for the public listing of the Exploration Permit interests.

Discussions are also taking place with Kobe Steel subsidiary Midrex Technologies exploring the potential of establishing a 1.5 million ton per annum direct reduction iron (DRI) plant in North West Luzon. The Midrex patented systems currently produce over 60% of the world's DRI product.

Once mining operations commence, for which the Company has yet to obtain permits, it is proposed to initially commence mining operations to support the export of the magnetite ore with an early target of 2 million tonnes per annum which would then be proposed to be scaled up to 25 million tonnes per annum over the next five years. Subject to continuing discussions, permits and funding it would be proposed to establish a Midrex DRI plant to capitalise on the added value of then being able to sell pig iron which has a current market value of around US\$400 per ton.

### **Investment/Business Objectives**

Zodiac has agreed to transfer its interests in this iron ore project to its subsidiary Colossal Mining Limited on the condition that Colossal Mining Limited is able to raise sufficient capital and other funds to proceed with the development of the project (see section 7.1 – Material Agreements). Colossal Mining Limited has separately issued an information memorandum to raise start-up capital from investors who take up securities under this Offer. Following completion of the offer in Colossal Mining Ltd, Colossal will no longer be a subsidiary of the Company, with the Company holding around 47% of Colossal's issued capital. Following completion of Colossal's planned \$12-16 million IPO raising and share settlements, the Company's interest in Colossal will dilute to approximately 25%.

Pending transfer of the assets to Colossal Mining Limited, Zodiac will seek to value add and further validate the project potential through following the recommendations of its Resource Projects Director and appointed consultants. It is envisaged that Colossal Mining Limited will undertake an IPO and listing on the ASX within the next three to six months to enable it to complete its agreement with the Company. As a result the Company's interest in Colossal Mining Limited will be diluted proportionately to the capital raised through the planned IPO.

## **3.2 Resource Geoscience Technology**

### **Background**

The Company has acquired a 51% interest in LocatOre Pty Ltd from RocLogic Pty Ltd. The Company's Managing Director is a director and shareholder of both RocLogic and LocatOre.

LocatOre holds an exclusive, 50 year, worldwide license to commercialise and exploit a unique geoscience Technology, and any subsequent improvements to the Technology, developed by Dr. John Watling, currently Professor of Forensic Science at the University of Western Australia.

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The LocatOre Technology has been represented as being able to discover and/or identify buried or "blind" ore bodies. These ore bodies often occur at depth and have a negligible surface expression in terms of geochemical signature; or can be geophysically "blind", thus increasing the difficulty of their discovery.

During the Technology's development phase it was successfully applied to aid the location of significant areas of mineralisation for a number of major mining companies including: Normandy (Newmont), RTZ, Homestake, Argyle, Minorco (Anglo American), Delta Gold, Ashton Mining and Rio Tinto Exploration.

The LocatOre Technology has also been used to analyse selected samples from the extensive surface sample inventory, accumulated by Geological Survey, Western Australia, covering over 60,000 square kilometres of Western Australia, resulted in the identification of several areas of interest to the Company.

LocatOre entered into a conditional agreement in early 2007 with Immune Network Limited, a shell Canadian public company (listed over-the-counter in the USA), of which the Company's Managing Director and the Company's non-executive Director, Dr Allen Bain are directors and shareholders. The arrangements between LocatOre and Immune Network may offer an opportunity for the Company to convert its interest in LocatOre into shares in a publicly traded company. Subject to this agreement proceeding, it is anticipated that the Company would emerge with approximately 62% of the listed share capital of Immune Network Ltd.

### **Development Recommendation and Approach**

It is proposed that the Technology be licensed out to third party industry licensees globally, either through Immune Network or directly by LocatOre. In addition, the Company proposes to also arrange funding support for the on-going enhancement of the Technology with the aim of developing "mineral specific" variations.

### **Investment/Business Objectives**

The Company intends to pursue the conditional agreement with Immune Network with the objective of completing the reverse merger of Immune Network, then continuing the technology commercialisation.

## **3.3 Share Trading, Investment and Capital Reserves**

### **Background**

Following the acquisition of ASX listed shares to the value of \$800,000 (see Section 7.1 Material Agreements) from interests of the Company's Managing Director and from a company of which Dr Allen Bain is a director, the Company liquidated approximately \$500,000 through a partial sale of shares. The realised funds have provided working capital for the Company and together with the unsold shares retained have provided a base for a modest share trading portfolio which as at 30 September had a market value of \$ 322,375. A further \$825,000 of seed capital has been raised from a number of sophisticated investors in November 2007 in consideration of the issue of 5,500,000 Shares issued at \$0.15 each and 5,500,000 attaching 2012 Options.

### **Investment Philosophy**

In order to achieve the Company's share investment objectives, the Company, in its share trading activity, seeks to invest for the short to medium term.

The Company's strategy is:

- To focus on the investment merits of individual stocks rather than market and economic trends;
- To invest in securities which it assesses to be undervalued relative to their potential; and

### **Risks of Share Trading**

Some of the specific risks associated with any trading in listed securities are as follows:

- The success and profitability of the Company's share trading activities will depend in part upon the ability to invest in small cap development companies which increase in value over time.
- The market price of the Company's investments can fall as well as rise.
- The Company relies on a number of key personnel to make investment decisions, in particular the Company's Managing Director, Peter Boonen and the Company's Chairman, Robin Armstrong. The loss of any key employees may have a detrimental effect on the Company.

## ZODIAC CAPITAL LIMITED

### 4. THE INVESTMENT OFFER

#### 4.1 The Offer

The Company offers for subscription 10,000,000 Shares and 10,000,000 attaching 2012 Options to raise \$1,800,000. The rights attaching to the Shares and 2012 Options are set out in Section 7 of this Information Memorandum.

The Company may accept oversubscriptions for an additional 5,000,000 Shares and 5,000,000 attaching 2012 Options to raise a further \$900,000.

The issue is not underwritten.

The Shares offered for subscription by this Information Memorandum will rank equally in all respects with all existing Shares on issue in the capital of the Company.

**This Offer may only be accepted by persons who are Sophisticated Investors within the meaning of s. 708(8) of the Corporations Act, to whom the Offer is made through a financial services licensee in accordance with s708(10) of the Corporations Act or other persons to whom the Issuer considers offers can be made under s. 708 of the Corporations Act without the need for disclosure under Part 2D.2 of the Corporations Act.**

#### 4.2 Capital Structure

The capital structure of the Company prior to the Offer and its capital structure assuming no oversubscriptions upon completion of the Offer are set out below. The summary should be read in conjunction with the information detailed in this Information Memorandum and particularly Sections 4 and 7.

Shares	
On Issue prior to Offer	52,900,000
New Shares Issued under the Offer	10,000,000
<b>Total Shares</b>	<b>62,900,000</b>

options	2010 Options	2012 Options
On issue prior to Offer	19,000,000	52,900,000
New issue under the Offer		10,000,000
<b>Total options</b>	<b>19,000,000</b>	<b>62,900,000</b>

In the event that the total 5,000,000 oversubscription Shares and 2012 Options are issued then the total number of issued shares and 2012 Options would increase by 5,000,000 to 67,900,000 respectively.

The Company has also established an Executive Option Scheme pursuant to which up to 10,000,000 Executive Management Options to take up Shares in the Company may be issued. As at the date of the Information Memorandum none of these options have been granted.

#### 4.3 Subscription

The intended total subscription amount for the Offer is \$1,800,000 being receipt of valid Applications for 10,000,000 Shares. If this subscription total is not received by the Company within four months after the date of this Information Memorandum, the Company will repay all Application Monies received in full and without deduction or interest within seven days of the expiry of that four month period.

#### 4.4 Application for Shares

Applications must be for a minimum 15,000 Shares with the attaching 15,000 2012 Options at an aggregate issue price of \$2,700 and thereafter in multiples of 5,000 Shares with the attaching 5,000 2012 Options.

## **ZODIAC CAPITAL LIMITED**

### **4.5 Application Forms**

Attached to and forming part of this Information Memorandum is an application form for use by Applicants. Instructions for the completion and lodgement of Application Forms are set out on the Application Form. Each Application Form should be accompanied by an Accountant's Certificate or other evidence as to why the Applicant is able to be issued shares without receiving a Prospectus. Applicants who receive a copy of this Information Memorandum through a financial services licensee should ensure their Application is stamped by the licensee.

Completed Application Forms together with Subscription moneys must be forwarded to:

**Mailing address:**

Registries Limited  
PO Box R67 Royal Exchange  
SYDNEY NSW 1223

**Delivery address:**

Registries Limited  
Level 2, 28 Margaret Street  
SYDNEY NSW 2000

Completed Application Forms may be lodged at any time after the Opening Date, but no later than the Closing Date.

### **4.6 Payment for Shares**

The subscription moneys for the Shares the subject of the Issue are payable in full on application. Cheques must be made out in Australian currency.

Cheques must be made payable to "Zodiac Capital Limited Subscription A/c" and crossed "Not Negotiable".

### **4.7 Opening and Closing of the Offer**

The Offer will open on 23 November 2007 and, subject to the right of the Directors to close the Issue at an earlier date or to extend it, will close at 5.00pm (AEST) on 5 December 2007 (the Closing Date).

The Directors expressly reserve the right to close the Issue at an earlier date or to extend the Closing Date.

### **4.8 Sponsoring Broker**

The Issue is not underwritten but is sponsored by Findlay & Co Stockbrokers Limited who will receive \$30,000 for sponsorship and advisory fees together with a 5% commission on all funds placed under this Information Memorandum. Findlay & Co Stockbrokers Limited will be entitled to further commissions of up to \$45,000 on oversubscriptions.

### **4.9 Overseas Shareholders**

This Information Memorandum does not constitute an offer in any jurisdiction outside of Australia or to any person to whom it would not be lawful to issue this Information Memorandum.

Nominees applying for Securities on behalf of overseas residents are responsible for ensuring that such an application does not breach any regulation applicable to any such overseas resident.

Lodgement of Application Forms accompanied by the relevant application moneys will be taken by the Company to constitute a representation from the Applicant that no breaches of any such regulations have occurred. Applicants, who are nominees, or persons proposing to act as nominees, should seek independent advice as to how they should proceed.

### **4.10 NSX Quotation**

Application has been made/will be made within seven days of the issue of this Information Memorandum for permission for the Securities issued pursuant to this Information Memorandum to be listed for quotation by NSX.

If permission is not granted for the Securities offered for subscription by this Information Memorandum to be listed for quotation on the stock market of NSX within 4 months after the date of the issue of this Information Memorandum, the Company, will act as if s724 of the Corporations Act was applicable and either:

- (a) repay to applicants all moneys received by it; or
- (b) issue a supplementary Information Memorandum advising that the Securities offered for subscription by this Information Memorandum will not be listed on NSX and giving all Applicants one month to withdraw their applications and be repaid in full.

No interest will be paid on any moneys repaid.

## ZODIAC CAPITAL LIMITED

That the NSX may admit the Company to its Official List and list the Securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed Securities.

The NSX takes no responsibility for the contents of this Information Memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Information Memorandum.

### 4.11 Taxation and Stamp Duty Implications

Applicants should seek their own independent advice in relation to matters relating to the operation of taxation laws in Australia.

The Company is unable to give advice on taxation matters generally, as each Applicant's position will relate to their own specific circumstances.

Applicants should satisfy themselves of possible taxation consequences of purchases and sales of securities by consulting their own professional tax advisers.

### 4.12 Acceptance of Applications for Shares

If an Application Form is not completed properly or if the accompanying payment is for the wrong amount, it may still be treated as valid. The decision of the Company as to whether to treat an application as valid shall be at the sole discretion of the Company and as such any decision of the Company in this regard will be final.

**This Offer may only be accepted by persons who are Sophisticated Investors within the meaning of s. 708(8) of the Corporations Act, to whom the Offer is made through a financial services licensee in accordance with s708(10) of the Corporations Act or other persons to whom the Issuer considers offers can be made under s. 708 of the Corporations Act without the need for disclosure under Part 2D.2 of the Corporations Act.**

### 4.13 Allotment

All subscription moneys shall, pending allotment and issue of the Shares and 2012 Options pursuant to this Offer, be held by the Registries Limited in a bank trust account established solely for the purpose of depositing application moneys. Any interest earned on those moneys shall be to the Company's account. Shareholding Statements will be despatched on or about December 7, 2007 unless the Closing Date is varied.

### 4.14 Application of Funds

The funds raised by the Issue will be applied, first, to pay the costs of the Issue (see estimate below) and, thereafter, to meet ongoing corporate operating costs and to provide working capital in relation to the Company's business operations.

The total costs of the Issue as detailed below are estimated at \$225,000.

The funds to be raised by the issue will be applied as follows:

Application of Funds	\$
Accounting and Audit	25,000
Legal	45,000
Share Registry, postage and sundry	10,000
Placement Commissions	90,000
Sponsoring Broker and Nominated Advisor	30,000
Listing fee	25,000
*Working Capital	1,575,000
<b>Total</b>	<b>1,800,000</b>

\*The Working Capital raised through this Information Memorandum will supplement existing cash reserves of approximately \$500,000 and will be used predominantly to provide loan capital to the Company's investment project interests that are repayable on realisation either through an investee listing or sale.

Depending on the success or otherwise of the Company's operational strategy and the Company's ability to generate sufficient income from its activities, those funds may be adequate and sufficient for the purposes set out above. However, if the Company's operational strategy results in a prolonged period where it fails to generate sufficient income to be self sufficient then the working capital set out above may be inadequate for that purpose necessitating additional capital raisings.



## **ZODIAC CAPITAL LIMITED**

### **4.15 Electronic Information Memorandum**

If you have received a copy of this Information Memorandum via email, please ensure that you have received a complete copy accompanied by the Application Form. If you have not, please contact the Company at Telephone: (02) 9299 9270 or Facsimile: (02) 9299 9276 and you will be forwarded, free of cost, either a paper copy or a further email copy of the Information Memorandum as requested by you.

Notwithstanding that you may receive this Information Memorandum by email there is no facility for Applications to be accepted electronically. The Application Form in this Information Memorandum must not be circulated or handed on to prospective investors unless accompanied by a complete and unaltered copy of this Information Memorandum and any supplementary Information Memorandum which may hereafter be issued.

The Company reserves the right not to accept an Application for Shares from a person where it has reason to believe that, when that person was given access to the Application Form, it was not provided to that person together with the Information Memorandum and any relevant supplementary or replacement Information Memorandum or if any of those documents were provided in an incomplete or altered form. In such case, the Application Moneys received will be dealt with as if Section 722 of the Corporations Act applied.

### **4.16 Chess**

The Company will participate in the Clearing House Electronic Subregister System ("CHESS"), in accordance with NSX Listing Rules and operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of shares.

Consequently, the Company will not issue certificates to securityholders. Securityholders will be provided with transaction confirmation statements (similar to a holding statement), which will set out the number of Shares and 2012 Options allotted to them under this Information Memorandum. At the end of the month of allotment, CHESS (acting on behalf of the Company) will provide securityholders with a holding statement that will confirm the number of Shares and 2012 Options then held.

A holding statement or transaction confirmation statement (whether issued by CHESS or the Company) will also provide details of a securityholder's Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or Securityholder Reference Number (SRN) in the case of a holding in the issuer-sponsored sub-register. Following distribution of these initial statements to all securityholders, a holding statement will be provided to each securityholder at the end of any subsequent month during which the balance of that securityholder's holding of securities changes.

### **4.17 Rights and Liabilities Attaching To Shares**

The rights and liabilities attaching to Shares are detailed in Section 9.

### **4.18 Dividend Policy**

The Company will not pay dividends in the foreseeable future.

### **4.19 Tax File Numbers**

It is not necessary for Applicants to quote their tax file number.

### **4.20 Enquiries**

If you have any enquiries as to the terms of the Issue please contact the Company Secretaries

Gulshan Jugroo at Telephone: (02) 9299 9270 Facsimile: (02) 9299 9276, or

Colin Bloomfield at Telephone: (02) 9299 9551 Facsimile: (02) 9299 9501

## **5. DIRECTORS, EXPERTS, CONSULTANTS AND CORPORATE GOVERNANCE**

### **5.1 Directors Experience**

The Company's Directors collectively have extensive experience in the investment industry in Australia, USA, the UK and Asia and are well qualified to implement the Company's strategies and achieve the Company's financial objectives. Additionally, the directors, complemented by the independent experts and consultants that they may engage from time to time, have a broad overall skill base in relation to acquisitions, mergers, investments and financings which they will apply in assessing direct and indirect investment activities which the Company may undertake.

The global network of contacts of the Directors should provide further opportunities to develop the Company's investment portfolio. This blend of skills of the directors is considered by them to be appropriate for the establishment and continued development of the proposed business of the Company.

The Managing Director, Mr Peter Boonen, will be responsible to the Board for overall day to day control and management that will enable the Company to continue to build its asset base and provide the particular support services intended to strengthen and add to the Company's business and market opportunities.

The assessment of any new projects for investment by the Company will be subject to an investment review process. Investment proposals may be put to the Board by any Director, together with an initial summary of the investment and the reasons for making the investment. All proposals for investment will be reviewed by all Directors and any proposals recommended by the Board for further investigation will be the subject of appropriate due diligence. The Managing Director will carry out or cause to be carried out all due diligence considered applicable or appropriate and prepare a final recommendation on the proposed investment for consideration by the Board. At that time the Board will make a decision whether or not to invest in any particular project. This process may, in certain circumstances, be protracted and in others, comparatively short.

All directors will be involved in the investment decision process. While primary responsibility for the Company's operations will be that of Mr Boonen, supported by Mr Benard, all Directors will provide such time as reasonably necessary to enable adequate review of operations generally and investment project decisions in particular.

With regard to the Company's share trading activities, these will be conducted by predominantly by Mr Boonen as well as by the Company's Chairman, Mr Robin Armstrong.

The Board recognises that, depending on the nature of the investments which the Company may ultimately make, there may be a need for further directors to be appointed either in substitution for any of the present directors or generally as additional directors. Consequently, it is the directors' intention that the skill base of the board should be at all times be both adequate and appropriate to carry out and manage the activities of the Company from time to time.

### **5.2 Director and Management Profiles**

**Robin Armstrong** – *Non Executive Chairman* – is a Sydney based stockbroker and executive director of Findlay & Co Stockbrokers Limited where he serves as Head of the Corporate Department. Mr Armstrong has vast and successful experience in advisory, corporate structuring and financings. He will be of great assistance to the Company in its assessment of investment candidates and also with regard to the ongoing financing of the Company's business. Mr. Armstrong is also a non executive director of Cardia Technologies Limited, Broad Investments Limited, PFuel Limited and Aquanox Limited.

**Peter Boonen** – *Managing Director* - is a businessman with over 30 years of extensive experience in the business, property, investment banking and equity markets in Australia, USA, Canada, UK and China. Mr. Boonen is responsible for the Company's corporate development strategy and for the identification and negotiation of investment and transaction candidates. He is the President of New York based Key Capital Corporation, a small boutique investment banking group.

**Allen Bain** – *Non executive Director* – has held leadership roles in both the business sector and in the science of drug discovery and commercialisation. He has been a co-founder, officer, or director of several public companies spanning two decades including: Cardiome Pharma (NASDAQ:CRME) capitalized at approximately \$800 million, whose flagship cardiac arrhythmia drug has recently completed Phase III clinical trials in the U.S., and hybrid engine developer, Azure Dynamics (AIM:ADC and TSX:AZD) capitalized at approximately \$150 million. Dr. Bain was an honorary lecturer at the Department of Pharmacology and Therapeutics at the University of British Columbia, where he was awarded his doctorate in pharmacology for his work in neuroscience.

## **ZODIAC CAPITAL LIMITED**

**Don Benard** – *Executive Director* -- is a Senior Geologist and Mining Engineer with extensive global resource industry experience. Recently he was a Senior Technical Consultant for Risk Management Solutions, the world leader in natural catastrophic modelling technology. Mr. Benard's professional mining experience extends over 19 years at numerous Canadian mines including Corona's Jolu & Decade gold mines, Cogema's Cluff & Baker Lakes Uranium Mines and prospects, Cameco's Key Lake Uranium mine, all the Potash Corporation of Saskatchewan (PCS) mines, and the International Mineral and Chemical Corporation K1 & K2 potash mines. At these mines Mr. Benard gained experience in virtually all aspects of mining, with principle responsibilities for ore reserve calculations, daily mill head grade estimation, diamond drill programs, development of satellite mines, and surface and underground exploration programs. He was also the Senior Mine Geologist for Claude Resources, working for the Seabee Gold Mine Project, now the longest running and most prolific gold mine in Saskatchewan's history. Mr. Benard created a consultancy whose specialization was GIS with Remote Sensing applications for major clients such as: PCS, Saskatchewan Research Council, DevEx Exploration and Canadian Wildlife Service. In the past few years, Mr. Benard has worked on resource exploration and development properties in Asia (mainly China) for a Canadian based resource group, where he was responsible for scoping, assessments, geophysical and geological exploration programs for numerous potential mining and JV opportunities.

**Gulshan Jugroo** – *CFO and Joint Company Secretary* -- graduated with an Honours in Accounting (Major) and Business Information Systems (Minor) from the Middlesex University in the UK. He has completed Level 2 of ACCA at FTC in London, UK, completed Standard and Advanced IATA as well as IATA Billing Settlement Plan and has recently completed a Masters of Business in Accounting at Victoria University in Melbourne, specialising in corporate forensic accounting. Mr Jugroo has previously held accounting appointments in Mauritius and the UK and is fluent in French and Hindi.

**Colin Bloomfield** – *Joint Company Secretary* – has been a member of the Institute of Chartered Accountants in Australia since 1979 and was made a Fellow of the Institute in 1990. While working for Deloitte he was involved in the audit of a number of large public and private companies. Subsequently he specialised in auditing small to medium private companies and conducting investigations into the affairs of those companies and was also engaged as an investigating accountant. Mr. Bloomfield has been a sole practitioner since 1988 acting for his clients in the general areas of management, tax planning and insolvency management. He has been a Director or Company Secretary of a number of listed and unlisted companies with a direct involvement in the management of a number of these.

### **5.3 Corporate Governance**

The Directors are responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals, and monitoring of the business and affairs of the Company on behalf of its members. The Company is cognisant of the Principles of Good Corporate Governance and Best Practice Recommendations as published by ASX Corporate Governance Council and acknowledges that the ten principles set out therein are fundamental to good corporate governance.

Given that the Company is small, with limited activities and limited resources, it has not established a series of committees to address specific areas of corporate governance such as risk management, strategic review and operations and remuneration. These issues will be dealt with by the Board acting as a committee in relation to the various areas or issues required to be considered with any interested directors abstaining or being absent as required either by the Act or as necessary to avoid conflict or possible breach of their fiduciary duties. The Board has, however, established one committee: namely the Audit and Compliance Committee, details of which are set out below.

#### **5.3.1 Audit and Compliance Committee**

The appointees to this committee are Robin Armstrong, Colin Bloomfield and Gulshan Jugroo.

The Audit and Compliance Committee is a committee established by the Board to give additional assurance regarding the quality and reliability of financial information used by the Board and financial information provided by the Company pursuant to its Statutory reporting requirements.

The Board believe that having raised funds from the public, it has a responsibility to ensure independent accountability exists. The focus of the activities of this Committee is to ensure confidence in the credibility and reliability of financial statements and other financial information released to the public.

In the event of any acquisition, the composition of the Audit and Compliance Committee and the Company's corporate governance procedures will be considered on a case by case basis if needed or appropriate. Subsequent to any acquisition being made, the Company will reconsider corporate governance procedures in a manner determined upon by the Board of the Company as it may exist after any such acquisition is completed.

## 6. RISK FACTORS

**INTRODUCTION:** The Securities offered under this Information Memorandum should be considered speculative because of the nature of the business activities and planned business activities of the Company. Whilst the Company's Directors commend the Offer, potential Applicants should be aware that an investment in the Company involves risks, which may be higher than the risks associated with investment in other companies. The operating and financial performance of the Company may be affected by a range of risk factors. While certain risks to which a company is normally subject can be mitigated by the Company's plans and actions, many are beyond the control of any company.

As the Company will aggressively engage in further and diversified investment activities, any Applicant should realise that any investment may become subject to risks in due course that may not be able to be identified until such further investments are made.

As a consequence of any existing or future risks the Company's share price may rise or fall.

It is not possible to set out Company specific risks which relate to any future projected operations or future investments of the Company because, at this stage, the nature of these business operations, activities and future investments are unknown. In this regard, **Applicants should have regard to the Company's investment strategy set out in Section 2 and the risks inherent therein and should also have specific reference to the matters set out in "Important Consideration for Applicants" and which detail a series of important considerations for members and for Applicants generally.**

The following, which is not exhaustive, identifies further major risks associated with an investment in the Company, of which potential Applicants need to be aware before making a decision whether or not to invest in the Company's Securities. If in doubt regarding investment under this Information Memorandum or to the terms and conditions of this Information Memorandum, potential investors should consult their stockbroker or other professional adviser.

**Share Market Risks:** Potential investors should recognise that the prices of shares may fall as well as rise, regardless of operating performance. Many factors affect the price of shares including local and international stock market conditions, movements in interest, foreign exchange or inflation rates, economic and political conditions and investor and consumer sentiment.

**Specific Resource Property Related Risks:** Potential investors should recognise that, although there are no tenement title, ownership or rights issues expected, resource properties are subject to numerous and diverse regulatory conditions, laws, permits and environmental issues that are subject to change at any given time. Due to the complexity of issues often associated with resource properties, together with potential changes of policy or government the Company, despite its best endeavours, may not be able to retain any particular resource property interest, especially where any such resource property is in a foreign country.

**Project Risks:** Importantly, the Company may not be able to complete any or all of its project undertakings for a variety of reasons, including circumstances that may be outside of the control of the directors and thereby lose its investment project(s) and all monies invested in the project(s).

**Investment Risks Generally:** Risks of a general nature relating to investment in shares and securities generally and especially where the company in which the investment is made has a small market capitalisation.

**Fiscal Risks:** These involve the imposition of additional taxes, imposts and other charges by government from time to time relating to revenue or cash flow. Industry profitability can be affected by changes in tax policies, the interpretation and application thereof. This is also applicable to the international jurisdictions in which the Company may invest.

**Macro Economic and Political Factors:** Apart from exchange risks there are a wide range of other macro economic and political factors beyond the control of the Company which will affect the Company's operations including the consequences of terrorist and other activities which themselves impact adversely on the global economy, demand for and supply of commodities and share market conditions and share prices generally.

**Political and Other Factors:** These include such as changes in levels of consumer confidence affect consumption patterns and consequently demand for a wide range of products.

**Foreign Exchange:** As some of the Company's initial investments, as well as potentially future investments, will be in off-shore interests the Company will be exposed to the changing rates of exchange that may affect the rate of return on investment.

**Effect of Economic Cycles:** Economies move and operate in a cyclical manner which may have positive or adverse effects on markets, willingness of investors to invest and, consequently, on the capacity of any company to raise capital or thereafter to market any products which it may produce.

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**Sufficiency of Funding:** The Company has limited financial resources and may need to raise additional funds to supplement operating capital or in relation to potential future investments as generally discussed herein. Any such fund raisings will be subject to factors that may be beyond the control of the Company and its Directors.

**Litigation:** The Company is not presently involved in any litigation and the Directors are not aware of any basis on which any litigation against the Company may arise.

**Regulatory Risks:** Operations by the Company may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Company. While the Company has no reason to believe that all requisite approvals will not be forthcoming Applicants should be aware that the Company cannot guarantee that any requisite approvals will be obtained. A failure to obtain any approvals would mean that the ability of the Company to develop or operate any project may be limited or restricted either in part or absolutely.

**Risk as to Profitability:** Any ability of the Company to pay dividends will depend on it acquiring assets which are subsequently independently listed on a stock exchange, joint ventured or sold, or alternatively, generate revenue and derivation of sufficient after-tax profits to be able to do so. **At present the Company generates no revenue, it is not presently profitable and it may not at any time be so.**

**Generally:** The possibility that, for a wide range of reasons, the Company's present strategies, plans, policies, intentions and expectations fail or may not be able to be implemented.

**SUMMARY:** Any investment in the Company is regarded as speculative. Neither the Company nor its Directors nor any party associated with the preparation of this Information Memorandum warrants that any specific objective of the Company will be achieved or that any particular targets of the Company will be achieved.

In addition, to the extent that statements in this Information Memorandum constitute forward looking statements, these statements involve known and unknown risks, uncertainties and other factors that may cause the Company's, or any of the Company's investments, actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance, expressed or implied by these forward looking statements. Although the Company believes that the expectations reflected in the forward looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements and the Company does not assume responsibility for the accuracy and completeness of the statements.

## 7. ADDITIONAL INFORMATION

### 7.1 Material Agreements

Apart from the agreements and matters disclosed within this Information Memorandum, the Company has not entered into any other material agreements, other than in the ordinary course of its business, which remain uncompleted or relevant to investment in the Company other than as set out herein.

The Company has entered into contracts prior to the date of this Information Memorandum which are or may be material.

A summary of the material contracts and their substantive terms are set out below:

**7.1.1 Asset Acquisition and Funding Agreements** The Company has entered into agreements with interests of or associated with the Company's Managing Director, Mr Peter Boonen and/ or which Dr Bain is also a director and shareholder relating to the acquisition of the Company's initial investment projects and working capital provision, as follows:

- The acquisition of an 84% interest in the iron ore Exploration Permits covering an approximate area of 32,400 hectares on the northwestern coast of Luzon, the largest island in the Philippines was introduced through Sologic Investment Group Pty Ltd, a company which is a founding shareholder of the Company and of which the Zodiac Managing Director is a director and shareholder. Following and subject to the listing of Zodiac, Sologic Investment Group Pty Ltd is to be paid a cash fee of \$250,000 for the introduction.

The terms of the iron ore Exploration Permit acquisition agreement provide for Zodiac to acquire an 84% interest in the properties from the Philippine Exploration Permits holder, Colossal Mining Corporation, a Philippines company, and for Zodiac to be responsible for the capital raising required to establish operations on the properties and for the public listing of an Australian company (Colossal Mining Limited) that will hold and operate the mining operations. The further terms of the agreement are expected to be completed by Colossal Mining Limited.

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Zodiac has entered into a contract with its subsidiary, Colossal Mining Limited, for it to acquire the Exploration Permits subject to listing and to raising sufficient capital for the project. Colossal Mining Limited will assume the company's obligations to:

- i) Raise a minimum \$12 million following which the original Permit vendors will hold a 16% interest in Colossal Mining Limited.
  - ii) Advance a total of US \$1,000,000 per Permit against future royalties to the Permit vendors for each of the five Permits in January 2008.
  - iii) Payment US\$2,500,000 to the Permit vendors in late January or early February 2008.
  - iv) Advance US\$2,500,000 against future royalties to the Permit vendors in late January or early February 2008.
  - v) Advance US\$15,000,000 against future royalties to the Permit vendors prior to 31 August 2008.
  - vi) Advance US\$10,000,000 against future royalties to the Permit vendors prior to 31 December 2008.
  - vii) Payment Royalties totalling US\$5 per ton of iron ore sold. Of this royalty US\$1.25 is payable to Zodiac, US\$2.00 to the original vendors, US \$1.45 to local charitable and education foundations and US\$0.30 is reserved for potential distribution to key consultants or management.
  - viii) Undertake the processing, the payments of and funding of all exploration, minimum permit expenditures, maintenance, corporate and compliance costs relating to the properties and/or the issued permits and permit applications, and
  - ix) Employ all the current employees of Colossal Mining Corporation nominated by Colossal Mining Corporation
  - x) Provide for a put option for the Philippine Exploration Permit Holder and/or their nominee(s) to require Colossal Mining to acquire the balance 16% that it does not own in the Exploration Permits in consideration for the issue of 16% of the issued shares in Colossal Mining Limited at any time within 10 years.
- By agreement with Key Capital Corporation (a company of which Mr Boonen and Dr Bain are directors and shareholders) and in consideration of the issue of 15,000,000 shares and 15,000,000 2012 options, the Company has the rights to directly advance investigation and negotiation to potentially acquire a number of resource projects which the Company is in the process of progressing. Included within the agreement was the assignment of a concluded contract for the acquisition of a gold property in the Batangas region of the Philippines. This interest has been terminated by the Company since the assignment. The agreement provides for the further payment of \$125,000 to MDM Group Inc, a shareholder of the Company and of which Mr Boonen and Dr Bain are also directors and shareholders of as full consideration of costs, fees and US\$75,000 in option payments which have been paid on account of the Batangas Gold project acquisition. The assigned contract provided for term payments to be paid to the original vendors totalling US\$4,500,000: US\$350,000 payable this financial year, and US\$800,000, US\$1,350,000 and US\$2,000,000 payable in 2008, 2009 and 2010 respectively. The Company was not bound to make any or all of these payments and could at anytime elect to limit investment and involvement in the project to an interest that is then pro rata to the payments made.
  - The LocatOre Geoscience Asset Acquisition Agreement provides for the acquisition by Zodiac of a 51% interest in LocatOre Pty Limited, being all the shares of LocatOre held by RocLogic Pty Limited, in consideration of the expenditure of a total of \$1,500,000 over a three year period commencing by March 1, 2008 together with the issue of 4,500,000 Shares at \$0.10 and 4,500,000 attaching 2012 Options to RocLogic Pty Limited. It is noted that LocatOre entered into a conditional agreement in early 2007 with Immune Network Limited, a shell Canadian public company. Mr Boonen is a director and shareholder of LocatOre Pty Limited, RocLogic Pty Limited and Immune Network Limited. Dr Bain is a director and shareholder of Immune Network Limited.

The conditional arrangements between LocatOre and Immune Network may offer an opportunity for the Company to convert its interest in LocatOre into shares in a publicly traded company. Subject to the agreement with Immune Network proceeding, the Company would emerge with approximately 62% of the listed share capital of Immune Network Ltd. And

## **ZODIAC CAPITAL LIMITED**

Immune Network Ltd would then be responsible for the expenditure requirement under the acquisition agreement.

- The Zodiac funding agreements provide for the transfer of securities listed on the ASX to Zodiac Capital at a total market value of \$800,000 in consideration of the issue of 5,000,000 Shares at \$0.10 each and 5,000,000 attaching 2012 Options MDM Group Inc, a company of which the Company's Managing Director, Mr Peter Boonen and the Company's non executive Director, Dr Allen Bain are officers and shareholders, and the issue of 3,000,000 Shares at \$0.10 and 3,000,000 attaching 2012 Options to Courage Corporation, a company of which Dr Allen Bain is a director.

### **7.1.2 Deed of Indemnity and Access**

Under a Deed of Indemnity and Access executed by the Company and the Directors, the Company must, to the extent permitted by law, indemnify each Director against any liability incurred by that person, except where the liability arises out of conduct involving a lack of good faith or the liability is for a pecuniary penalty or compensation order under the Corporations Act. The indemnity extends to legal costs and expenses unless they are incurred in defending criminal proceedings in which the person is found guilty, in defending proceedings brought by ASIC or a liquidator if the grounds for making the order sought by ASIC or the liquidator are found to have been established, or in instituting and maintaining proceedings in which the court denies relief to the person.

The Company may also maintain in favour of each Director of the Company a Directors' and Officers' policy of insurance for the period that they are a Director and for a period of seven years after they cease to be a Director.

### **7.1.3 Executive Service Agreements**

The Company has entered into a three year renewable, executive service agreement with Mr Peter Boonen, the Company's Managing Director and his service company P & J Boonen Pty Ltd. The terms provide for an annual remuneration package of \$288,000.

The Company may terminate the agreement at any time without notice in a number of circumstances, including commission of a serious or persistent breach or non-observance of the Agreement's terms, commission of any fraud, dishonesty or wilful misconduct, or any conviction of an indictable criminal offence.

Mr Boonen cannot terminate the agreement without cause prior to 30 June 2010. The agreement prevents an employee from engaging in any other business or occupation or holding the office of director of any other company without the prior consent of the Company. The agreement also prevents him from approaching or soliciting customers, clients or employees of the Company away from the Company during the term of the agreement and for a period of twelve months after the employment is terminated.

### **7.1.4 Sponsorship and Share Placement Agreement**

The Company has entered into a Sponsorship Agreement and a Share Placement Agreement with Findlay & Co Stockbrokers Limited, the details of which are set out in Section 9.12 of this Information Memorandum.

### **7.1.5 Constitution**

The Constitution governs the Company. Relevant provisions of the Constitution are described elsewhere in this Information Memorandum (in particular, see Sections 9.2 to 9.9). Copies of the Constitution are available for inspection free of charge between 9:00 am and 5:00 pm at the Company's registered office.

## **7.2 Shares: Rights and Liabilities**

A summary of the more significant rights attaching to the Company's Shares is set out below. This summary is not exhaustive nor does it constitute a definite statement of the rights and liabilities of the Company's members. To obtain such a statement, Applicants should seek independent legal advice.

### **7.2.1 Ranking**

The Shares offered under this Offer will rank equally in all respects with the existing ordinary shares in the Company.

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### **7.2.2 Partly Paid Shares and Liability for Calls**

The Company has no partly paid shares on issue.

### **7.2.3 Reports and Notices**

Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the constitution of the Company, the Law and the Listing Rules.

## **7.3 General Meetings**

Members are entitled to be present in person, or by proxy, attorney or representative to speak and to vote at general meetings of the Company. Members may requisition general meetings in accordance with the Law and the constitution of the Company.

## **7.4 Voting**

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at the present time there are none) at a general meeting of the Company every ordinary member present in person, attorney or representative shall on a show of hands have one vote and upon a poll every member present in person or by proxy, attorney or representative has one vote for every share held.

## **7.5 Dividends**

The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to members according to their rights and interests.

## **7.6 Winding Up**

Subject to any special or preferential rights attaching to any class or classes of shares, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the Shares held by them respectively, less any amount which remains unpaid on their Shares at the time of distribution.

## **7.7 Transfer of Shares**

Subject to the constitution of the Company, the Law and the Listing Rules, the Shares will be freely transferable.

## **7.8 Future Increases in Capital**

The allotment and issue of Shares is under the control of the Directors of the Company. Subject to restrictions on the allotment of Shares to Directors or their Associates contained in the Listing Rules, the constitution of the Company and the Law, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

## **7.9 Directors**

The constitution of the Company requires one-third of the Directors to retire at each Annual General Meeting and that no Director may hold office without retiring and being re-elected for more than three consecutive years. These provisions do not apply to the Managing Director.

## **7.10 Options: Terms and Conditions**

### **7.10.1 2012 Options**

The terms and conditions of the 2012 Options are:

- (a) Each Option entitles the holder to subscribe for one Ordinary Share in the Company upon the payment of \$0.30 cents subsequent to satisfaction of the restriction on exercise set out in (e) below.
- (b) The Options will lapse at 5.00pm (AEST) on 31 December 2012 ("**Expiry Date**").
- (c) The Options are transferable.
- (d) There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
- (e) In the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company,
  - (i) the number of Options not exercised or the Option Price or both shall be reconstructed (as appropriate) in accordance with the Listing Rules if applicable and otherwise in a manner which will not result in any benefit being conferred on the optionholder which is not conferred on the shareholders; and



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- (ii) (subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) in all other respects the terms for the exercise of the Options shall remain unchanged.
- (f) The Options shall be exercisable at any time during the period ending on or before the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of options held by the Option holder accompanied by an Option Certificate or holding statement and a cheque made payable to the Company for the subscription moneys for the Shares to be issued on exercise of the options the subject of the Notice. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by him.
- (g) The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the options.
- (h) The Shares allotted shall rank, from the date of allotment, equally with the existing Shares of the Company in all respects.

### 7.10.2 2010 Options

The terms and conditions of the 2010 Options are:

- (a) Each option entitles the holder to subscribe for one Share in the Company upon the payment of \$0.30 cents subsequent to satisfaction of the restriction on exercise set out in (e) below.
- (b) The options will lapse at 5.00pm (AEST) on 31 December 2010 ("**Expiry Date**").
- (c) The options are transferable.
- (d) There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
- (e) Notwithstanding the provisions of (a) above, the option shall not be capable of exercise until such time as the Company shall have raised not less than \$1,000,000 by the placement of ordinary shares at an issue price of not less than the exercise price of the option as set out herein as modified or required to be modified from time to time pursuant to the provisions of (f) hereof and the operation of the Listing Rules.
- (f) In the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company,
  - (i) the number of Options not exercised or the Option Price or both shall be reconstructed (as appropriate) in accordance with the Listing Rules if applicable and otherwise in a manner which will not result in any benefit being conferred on the optionholder which is not conferred on the shareholders; and
  - (ii) (subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) in all other respects the terms for the exercise of the Options shall remain unchanged.
- (g) Subject to the restriction on exercise herein contained, the options shall be exercisable at any time during the period ending on or before the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the option holder to exercise all or a specified number of options held by the option holder accompanied by an option certificate or holding statement and a cheque made payable to the Company for the subscription moneys for the shares to be issued on exercise of the options the subject of the Notice. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by him.
- (h) The Company shall allot the resultant shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the options.
- (i) The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

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### 7.10.3 Executive Management Options

The Company has approved an Executive Management Option Scheme as a means of rewarding executive management for performance. A total of 10,000,000 options have been approved and these will be allotted and issued to executive management members at the discretion of the Directors and with reference to the Company's audited annual financial statements. These options will be issued on the following terms and conditions:

- (a) Each option shall be subject to such vesting and exercise conditions determined by the Board at the time of issue.
- (b) Each option entitles the holder to subscribe for one Share in the Company upon the payment of the exercise price determined at the time of offer by the Board and subject to satisfaction of any vesting or exercise conditions.
- (c) The options will lapse at 5.00pm (AEST) on the date of the fifth anniversary of each respective issue ("Expiry Date") or such other date as may be determined by the Company's Board at the time of issue.
- (d) The options are not transferable.
- (e) There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
- (f) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be reorganised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (g) Subject to any vesting and exercise conditions, vested options shall be exercisable at any time during the period ending on or before the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the option holder to exercise all or a specified number of options (in multiples of 100) held by the option holder accompanied by an option certificate or holding statement and a cheque made payable to the Company for the subscription moneys (if any) for the shares to be issued on exercise of the options the subject of the Notice. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by him.
- (h) The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

### 7.11 Existing Security Holders

Set out below are details of the holders of the Shares and Options on issue as at the date of this Information Memorandum.

Shareholder/Optionholder	Shares	30 Cent Options	
		2010 Dec Options	2012 Dec Options
Key Capital Corporation	15,000,000		15,000,000
SoLogic Investment Group Pty Limited	7,000,000	7,000,000	7,000,000
MDM Group Inc.	5,000,000		5,000,000
P&J Boonen Pty Ltd	5,000,000	5,000,000	5,000,000
RocLogic Pty Limited	4,500,000		4,500,000
Courage Corporation Inc.	3,000,000		3,000,000
Brown & Biggins Pty Limited	3,000,000	3,000,000	3,000,000
Allen Bain	1,000,000	1,000,000	1,000,000
Donald Joseph Benard	1,000,000	1,000,000	1,000,000
Gulshan Jugroo	900,000		900,000
Peggy MacTavish	500,000	500,000	500,000
554402 B.C. Ltd	500,000	500,000	500,000
Spinzaro Superannuation Fund	200,000	200,000	200,000
Other Shareholders	800,000	800,000	800,000
Subscribers to 15 cent Share Placement	5,500,000		5,500,000
<b>Total</b>	<b>52,900,000</b>	<b>19,000,000</b>	<b>52,900,000</b>

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### 7.12 Sponsorship and Placement Agreement

The parties to this Agreement dated 17 October 2007 are the Company and Findlay & Co Stockbrokers Limited. Pursuant to this Agreement Findlay & Co Stockbrokers Limited agrees to sponsor the Company for listing on the NSX and further, on a best endeavours basis to place a total minimum 10,000,000 Shares at 25 cents each for a total amount of \$2,500,000. This agreement was subsequently varied on 14 November 2007 at the request of the Company to reflect an issue price of 18 cents per share for a total raising of \$1,800,000.

The Agreement is subject to the following key terms and conditions:

Findlay & Co Stockbrokers Limited

- (a) may terminate the Agreement if there is a significant adverse change in circumstances.
- (b) may require the Company to vary the closing date by up to three months.
- (c) is entitled to a fee of \$30,000 being for Sponsorship and a 5% commission on all funds raised through the Share placement under this Information Memorandum.
- (d) will be entitled to a 5% commission on any oversubscriptions accepted by the Company received to a total amount of \$45,000.
- (e) is entitled to a full reimbursement of all out of pocket expenses and disbursements incurred through the Sponsorship of the Company, through the presentation of the Company and through the processing of all Applications for Shares under this Information Memorandum.

### 7.13 Legal Proceedings

The Company is not and has not been, during the 12 months preceding the date of this Information Memorandum, involved in any legal or arbitration proceedings. As far as the Directors are aware, no such proceedings are threatened against the Company.

### 7.14 Disclosure of Interest and Fees

#### 7.14.1 *Interests of Directors*

Except as otherwise set out herein, no Director named herein now has or during the last two years has had any interest in the promotion of the Company, or any property proposed to be acquired by the Company in connection with its formation or promotion or the Offer. Further, no sums have been paid or agreed to be paid to a Director in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company or the Offer.

#### 7.14.2 *Directors' and Officers' Remuneration*

The Directors, Chief Financial Officer and Company Secretary are currently entitled to or are proposed to be remunerated, inclusive of Director's fees and salary or consultancy fees, as set out below:

Name	Position	Base Remuneration (\$)
Robin Armstrong	Non exec. Chairman	60,000*
Peter Boonen	Managing Director	288,000
Donald Benard	Director	156,000
Allen Bain	Non exec. Director	48,000*
Gulshan Jugroo	CFO Company Sec.	72,000
Colin Bloomfield	Company Secretary	24,000

\*The Directors have determined that subject to a resolution of the shareholders being passed to establish an amount up to which the Company can remunerate non-executive Directors (proposed to be \$350,000 p.a.) that Robin Armstrong be paid a director's fee of \$60,000 p.a. and Allen Bain be paid a Director's fee of \$48,000 p.a.

In addition, the Directors are entitled to be remunerated or receive benefits from the Company as follows:

Under the Company's Constitution, each director is entitled to such remuneration out of the funds of the Company as the directors determine. If a Director undertakes any work additional to that usually

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required of Directors of a Company similar to this Company, the Directors may award such special remuneration and fix the amount hereof at any time during or after the rendering of such special service or the undertaking of such additional work. In this regard it is anticipated that the Directors and Officers of the Company will from time to time be required to render services to subsidiary investee companies that would be outside the scope of work usually required from the Directors of the Company. In these instances, the Board will determine, on a case by case basis such remuneration as would be considered reasonable and in all cases where the Company advances such remuneration, it will be regarded as a loan advance to and repayable by the investee company. Directors are also entitled to travelling expenses for or in connection with any journeys undertaken by them on the Company's business.

The performance and remuneration of any managing director or executive director for his services shall be reviewed and determined by the Directors from time to time but on at least an annual basis.

### **7.14.3 Directors' and Officers' Relevant Interests in Securities**

The relevant interests of the Directors and officers and their related parties as defined in Accounting Standard AASB 1017, in securities of the Company, as will exist immediately prior to the issue of Shares pursuant to the Issue are as follows:

Name	Shares	2010 30c Options	2012 30c Options
Robin Armstrong	3,000,000	3,000,000	3,000,000
Peter Boonen	36,500,000	12,000,000	36,500,000
Donald Benard	1,500,000	1,500,000	1,500,000
Allen Bain	24,500,000	1,500,000	24,500,000
Gulshan Jugroo	900,000		900,000
Colin Bloomfield	200,000	200,000	200,000

Robin Armstrong is a director and shareholder of Brown & Biggins Pty Limited which holds 3,000,000 Shares, 2010 Options and 2012 Options in the Company.

Peter Boonen is a director of P&J Boonen Pty Ltd the Trustee of Boonen Family Superannuation Fund which holds 5,000,000 Shares, 2010 Options and 2012 Options. He is a director and shareholder of SoLogic Investment Group Pty Ltd which holds 7,000,000 Shares, 2010 Options and 2012 Options, a director and shareholder of RocLogic Pty Limited which holds 4,500,000 Shares and 2012 Options, a director and shareholder of Key Capital Corporation which holds 15,000,000 Shares and 2012 Options in the Company, a director and shareholder of MDM Group, Inc which holds 5,000,000 Shares and 2012 Options.

Donald Benard holds 1,000,000 Shares, 2010 Options and 2012 Options. Peggy MacTavish is married to Donald Benard and holds 500,000 Shares, 2010 Options and 2012 Options.

Allen Bain holds 1,000,000 Shares, 2010 Options and 2012 Options in the Company directly. He is a director and shareholder of Key Capital Corporation which holds 15,000,000 Shares and 2012 Options, a director and shareholder of MDM Group, Inc which holds 5,000,000 Shares and 2012 Options, a director and shareholder of 554402 B.C. Ltd which holds 500,000 Shares, 2010 Options and 2012 Options and a director of Courage Corporation which holds 3,000,000 Shares and 2012 Options.

Colin Bloomfield is a director and shareholder of Spinzaro Pty Limited, the trustee of the Spinzaro Superannuation Fund which holds 200,000 Shares, 2010 options and 2012 options and of which he is a beneficiary.

### **7.14.4 Director's Retirement Benefits**

There are no Directors' retirement benefits under any contracts or plan entered into between the Company and any Director and no such agreements are presently contemplated to be entered into.

### **7.14.5 Related Party Transactions**

As at the date of this Information Memorandum, the Company is a party to transactions with related parties as follows:

a) Robin Armstrong:

i) Mr Robin Armstrong a director and Chairman of the Company is also an Executive of Findlay & Co Stockbrokers Limited, the Company's sponsoring Broker. Findlay & Co Stockbrokers Limited will be paid normal industry standard fees in relation to the Company sponsorship and fees with respect to the placement of Shares through this Offer by Information Memorandum. Mr Robin Armstrong may also generate commissions in the normal course of business in his position at Findlay Securities in relation to any Shares of the Company that he may personally place under this Offer and further commissions on any of the Company's share trading activities.

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ii) The Company has a share trading account at Findlay & Co Stockbrokers Limited and any trading within that account attracts normal commercial transaction commissions. Any or all trades that are conducted on behalf of the Company by Mr Robin Armstrong would result in Mr Armstrong receiving normal commercial commissions through his position at Findlay Securities as a stockbroker

iii) Any further involvement in the future where the Company may use Findlay & Co Stockbrokers Limited for advisory, share trading and/or capital raising services would be subject to similar related party disclosure but would be on a normal commercial basis that would be equal to or better than that generally available to the Company through alternative relationships.

### b) Peter Boonen:

i) Mr Peter Boonen is the Managing Director of the Company and the Company's initial investment project interests have been acquired through agreement with companies and interests of which Mr Boonen is either a director, officer and/or shareholder of as disclosed within this Information Memorandum.

ii) In consideration for the introduction to the opportunity to acquire 84% of all rights to the Philippines iron ore project, the Company has agreed to pay a cash fee of \$250,000 to SoLogic Investment Group Pty Ltd following and subject to the Company's listing. Mr Boonen is a director and shareholder of SoLogic Investment Group Pty Limited.

iii) In consideration of the assignment to it of the Acquisition Agreement for the Philippines Batangas gold project, and the rights to progress and complete agreements to further projects under consideration, the Company has agreed to issue 15,000,000 Shares at \$0.10 each and 15,000,000 attaching 2012 Options to Key Capital Corporation, a company of which Mr Boonen is a director and shareholder. The Company has also agreed to pay a cash payment of \$125,000 to MDM Group Inc, a shareholder of the Company and of which Mr Boonen is a director and shareholder, as full consideration of all fees and expenditure including the repayment of option fees paid to the original Batangas vendors totalling US\$75,000.

iv) In consideration of the transfer of securities listed on the ASX to Zodiac Capital at a total market value of \$500,000 the Company issued 5,000,000 Shares at \$0.10 each and 5,000,000 attaching 2012 Options to MDM Group Inc. Mr Boonen is a director and shareholder of MDM Group Inc.

v) In consideration of the acquisition of the 51% interest in LocatOre Pty Limited from RocLogic Pty Limited the Company, issued 4,500,000 Shares at \$0.10 each and 4,500,000 attaching 2012 Options to RocLogic Pty Limited. Mr Boonen is a director and shareholder of both LocatOre Pty Limited and RocLogic Pty Limited. Mr Boonen is also a director and shareholder of Immune Network Limited a Canadian company that has a prior conditional agreement to acquire Locatore Pty Ltd in a share exchange.

### c) Allen Bain:

i) In consideration of the assignment to it of the Acquisition Agreement for the Philippines Batangas gold project, and the rights to progress and complete agreements to further projects under consideration, the Company has agreed to issue 15,000,000 Shares at \$0.10 each and 15,000,000 attaching 2012 Options to Key Capital Corporation. Dr Bain is a director and shareholder of Key Capital Corporation. The Company has also agreed to pay a cash payment of \$125,000 to MDM Group Inc, a shareholder of the Company and of which Dr Bain is a director and shareholder, as full consideration of all fees and expenditure including the repayment of option fees paid to the original Batangas vendors totalling US\$75,000.

ii) In consideration of the transfer of securities listed on the ASX to Zodiac Capital at a total market value of \$800,000 the Company issued 5,000,000 Shares at \$0.10 each and 5,000,000 attaching 2012 Options to MDM Group Inc and 3,000,000 Shares at \$0.10 each and 3,000,000 attaching 2012 Options to Courage Corporation. Dr Bain is a director and shareholder of MDM Group Inc and a director of Courage Corporation.

iii) Relative to the acquisition by the Company of the 51% interest in LocatOre Pty Limited from RocLogic Pty Limited, Dr Allen Bain is a Director and shareholder of Immune Network Limited a Canadian company that has a prior conditional agreement to acquire Locatore Pty Ltd in a share exchange.

### 7.15 Interests of Advisors and Experts

Except as otherwise set out herein no expert or professional adviser named herein now has or during the last two years has had any interest in the promotion of the Company, or any property proposed to be acquired by the Company in connection with its formation or promotion or the Offer. Further, no sums have been paid or agreed to be paid to any expert or professional adviser in cash or shares or otherwise by any person for services rendered by the expert or professional adviser in connection with the promotion or formation of the Company or the Offer.

- a) In accordance with the terms of their engagement, **Holman Webb** have been paid \$45,000 by the Company for services relating to the preparation of this Information Memorandum and in relation to the various material agreements and contracts set out herein.
- b) In accordance with the terms of their engagement **Findlay & Co Stockbrokers Limited** will be paid fees of 5% on all funds raised, including any over subscription accepted by the Company, through subscription for Shares under this Information Memorandum.
- c) In accordance with the terms of their engagement **Findlay & Co Stockbrokers Limited** will be paid \$30,000 by the Company in relation to the provision of their services as Sponsoring Brokers to the issue.

### 7.16 Consents

**Pitcher Partners** have given and not withdrawn their written consent to be named herein as Auditor, in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the despatch of this Information Memorandum. Pitcher Partners have had no involvement in the preparation of this Information Memorandum and have not given any professional or other advice in respect of any other part of this Information Memorandum. Pitcher Partners do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Information Memorandum.

**Registries Limited** have given and not withdrawn their written consent to be named herein as the share registry to the Company in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the despatch of this Information Memorandum. Registries Limited has had no involvement in the preparation of this Information Memorandum and have not given any professional or other advice in respect of any other part of this Information Memorandum. Registries Limited do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Information Memorandum.

**Holman Webb** has given and not withdrawn its written consent to be named in the Information Memorandum as Solicitor to the Company in the form and context in which it is so named. Holman Webb has given and not withdrawn its written consent to the despatch of this Information Memorandum with all references to it in such capacity being included in this Information Memorandum in the form and context in which they are so included.

**Colin Bloomfield & Associates** have given and not withdrawn their written consent to be named herein as the Accountants to the Company in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the despatch of this Information Memorandum. Colin Bloomfield and Associates have had no involvement in the preparation of this Information Memorandum other than the preparation of the Company's accounts and have not given any professional or other advice in respect of any other part of this Information Memorandum. Colin Bloomfield & Associates do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Information Memorandum.

**Findlay & Co Stockbrokers Limited** have given and not withdrawn their written consent to be named herein as the Company's Sponsoring Broker in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the despatch of this Information Memorandum. Findlay & Co Stockbrokers Limited have had no involvement in the preparation of this Information Memorandum and have not given any professional or other advice in respect of any other part of this Information Memorandum. Findlay & Co Stockbrokers Limited do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Information Memorandum.

## **8. GLOSSARY**

These definitions are provided to assist investors in understanding some of the expressions used in this Information Memorandum:

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AEST	Australian Eastern Standard Time
AFSL	Australian Financial Services Licence
Applicant(s)	Person(s) subscribing for Shares under this Information Memorandum
Application Form	An Application Form attached to or accompanying this Information Memorandum
Application Monies	Monies received from Applicants in respect of their Application(s)
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange Limited
NSX	National Stock Exchange of Australia Limited
Board	The Board of Directors of the Company
CHESS	Clearing House Electronic Subregister System
Close of Registers	5.00pm AEST on the Closing Date
Closing Date	5 December 2007 or such earlier date as determined by the Board in conjunction with the Underwriter
Company	Company means Zodiac Capital Limited ACN 126 263 170
Directors	Each of the Directors of the Company from time to time
Executive Management Options	Means options described in Section 7.11.3.
HIN	Holder identification Number
JORC	The Joint Ore Reserves Committee - a Code of practice which sets minimum standards for public reporting in Australia of exploration results, mineral resources and ore reserves.
Listing Rules	The official listing rules of the NSX
Offer	The offer of Securities under this document
Official List	The official list of the NSX
2012 Options	Means options described in Section 7.11.1
2010 Options	Means options described in Section 7.11.2
Securities	The Shares and 2012 Options offered under this Information Memorandum
Share	An ordinary share in the Company
Executive Management Option Plan	The Company's Directors, Executives and Staff Share Option Plan
Shareholder	A holder of Shares

# Zodiac Capital Limited ACN 126 263 170

## Application form

Fill out this Application form if you wish to apply for Shares in Zodiac Capital Limited

- Please read the Information Memorandum dated 23 November 2007.
- Follow the instructions to complete this Application form (see reverse).
- Print clearly in capital letters using black or blue pen.

Broker Reference – Stamp Only

Broker Code

Advisor Code

**A** Number of securities you are applying for

x \$0.18 per share =

**E** Total amount payable

Minimum of 15,000 Shares and 2012 Options to be applied for, and thereafter in multiples of 5,000 Shares and 2012 Options.

**C** Write the name(s) you wish to register the Shares in (see reverse for instructions)

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

**D** Write your postal address here

Number / Street



Suburb/Town

State

Postcode

**E** CHESS participant – Holder Identification Number (HIN)

*Important please note if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Securities issued as a result of your application will be held on the Issuer Sponsored subregister.*

**F** Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

Applicant #2

Applicant #3

**G** Cheque payment details – PIN CHEQUE(S) HERE

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque

Cheque No.

BSB No.

Account No.

Cheque Amount A\$



**H** Contact telephone number (daytime/work/mobile)

**I** Email address

By submitting this Application form, I/We declare that this Application is completed and lodged according to the Information Memorandum and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Zodiac Capital Limited (the Company). I/We was/were given access to the Information Memorandum together with the application form. I/We represent, warrant and undertake to the Company that our subscription for the above Securities will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Securities in the Company.



# Guide to the Application Form

**YOU SHOULD READ THE INFORMATION MEMORANDUM CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.**

Please complete all relevant sections of the appropriate Application Form using **BLOCK LETTERS**.

These instructions are cross-referenced to each section of the Application Form.

## Instructions

A. If applying for Securities insert the number of Securities for which you wish to subscribe at Item A (not less than 15,000 and then in multiples of 5,000. Multiply by AUD \$0.18 to calculate the total for Securities and enter the \$ amount at B.

C. Write your full name. Initials are not acceptable for first names.

D. Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.

**NB: your registration details provided must match your CHESS account exactly.**

F. Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.

G. Complete cheque details as requested. Make your cheque payable to Zodiac Capital Limited Subscription A/c, cross it and mark it "Not negotiable". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.

H. Enter your contact details so we may contact you regarding your Application Form or Application Monies.

I. Enter your email address so we may contact you regarding your Application Form or Application Monies or other correspondence.

*Applications by persons who are Sophisticated Investors as defined in the Corporations Act should either be for \$500,000 worth of Shares or be accompanied by an Accountant's Certificate pursuant to s.708(8) of the Corporations Act. Applications by persons who received the offer through a Financial Services Licensee pursuant to s708(10) of the Corporations Act must bear the stamp of the Financial Services Licensee. Any enquiries should be referred to the Company Secretary, Mr Colin Bloomfield on telephone (02) 9299 9551 or Mr Gulshan Jugroo on telephone (02) 9299 9270.*

## Correct Forms of Registrable Title

Note that **ONLY** legal entities can hold the Securities. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

## Lodgement

Mail your completed Application Form with cheque(s) attached to the following address:

### Mailing address:

Registries Limited  
PO Box R67 Royal Exchange  
SYDNEY NSW 1223

### Delivery address:

Registries Limited  
Level 2, 28 Margaret Street  
SYDNEY NSW 2000

It is not necessary to sign or otherwise execute the Application Form.

**If you have any questions as to how to complete the Application Form, please contact Registries Limited on 02 9290 9600.**

## Privacy Statement:

Registries Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website [http://www.registriesltd.com.au/help/share\\_privacy.html](http://www.registriesltd.com.au/help/share_privacy.html)