

HINDMARSHRESOURCESLTD

PROSPECTUS

Prospectus for the offer of 2,000,000 ordinary shares
at an offer price \$0.28 each to raise \$560,000.

Important Information

This is an important document that should be read
in its entirety. If you do not understand it, you should
consult your professional advisors.

THE SHARES OFFERED BY THIS PROSPECTUS

ARE OF SPECULATIVE NATURE

Sponsoring Broker

Taylor Collison Limited

HINDMARSH RESOURCES LTD

ACN 106 444 857

Corporate Directory

Directors

Richard Martin Bonython (Chairman)
Catherine Mary Hobbs (Managing Director)
Francis Creagh Henry O'Connor
Simon Thomas O'Loughlin

Company Secretary

Peter Eric Cox

Registered Office

c/- Gryphon Partners Pty Limited
Ground Floor
60 Hindmarsh Square
ADELAIDE South Australia 5000

Share Registrar

Computershare Investor Services Pty Limited
Level 5
115 Grenfell Street
ADELAIDE South Australia 5000

Auditors

PKF
139 Frome Street
ADELAIDE South Australia 5000

Independent Accountant

PKF Corporate (SA) Pty Ltd
139 Frome Street
ADELAIDE South Australia 5000

Solicitors to the Company

O'Loughlins Lawyers
Level 2
99 Frome Street
ADELAIDE South Australia 5000

Financial Advisors to the Company

Gryphon Partners Pty Limited
Ground Floor
60 Hindmarsh Square
ADELAIDE South Australia 5000

Independent Geologist

David Tonkin & Associates
25 Palmerston Road
UNLEY South Australia 5061

Sponsoring Broker to the Offer

Taylor Collison Limited
Level 2
12 Pirie Street
ADELAIDE South Australia 5000

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Appendix Application Form and Instructions to Applicants

Chairman's Letter

3 June 2005

Dear Investor,

I am pleased to present to you, on behalf of the Board of Directors, Hindmarsh Resources Ltd ("**the Company**" or "**Hindmarsh**").

The Company, which is currently listed on the Newcastle Stock Exchange and is to seek listing on the Australian Stock Exchange, intends to carry out uranium exploration. Initially focus will be on the Company's prospective South Australian tenements, but with the potential to identify and acquire uranium projects elsewhere if a strong opportunity arises.

With the emergence of nuclear power as a significant contributor to the reduction of greenhouse gas emission, the demand for uranium is expected to exceed mine supply over at least the next ten years. Price increases already reflect this, having increased over the last two years from US\$10 to US\$29 per pound. Australia currently supplies approximately 19% of the world's uranium for power generation, and, with Australia holding 40% of the world's known recoverable uranium resources, the opportunity exists within Australia's responsible uranium management policy to meet a greater proportion of this. Because of market conditions and previous government policies very little exploration for uranium has occurred in Australia since the 1980's, resulting in prospective areas for uranium exploration being available, particularly in South Australia where uranium is mined, but where little recent exploration has taken place.

As a result of the merger with Gladstone Resources Ltd ("**Gladstone**") which was approved at a meeting of the Company's shareholders on 22 April 2005, Hindmarsh became the owner of 10 exploration licence applications in South Australia which are prospective for uranium, two of which have since been granted. The Company has subsequently applied for a further three exploration licences, and has joint ventures over five exploration licences held by Southern Gold Limited ("**Southern Gold**"), all in South Australia.

It is anticipated that the remainder of the applications will be approved in the second half of the calendar year, depending on the timing of various approvals. After the proposed capital raising, the Company will have approximately \$2.7 million in cash with which to undertake an exploration program, details of which are set out in Section 4 of this Prospectus.

The areas to be examined were selected for Gladstone by Mr Ian Youles, a geologist with an extensive background in uranium exploration in South Australia. The Company's tenements cover in excess of 7,000 square kilometres, and include a number of advanced uranium exploration projects with identified radiometric anomalies and drill intercepts, while the Southern Gold joint ventures cover a further 2500 square kilometres.

The projects are considered to be prospective for both roll-front and haematite style uranium deposits. Roll-front deposits host some of the world's most significant uranium mines, notably in the USA and Kazakhstan, as well as the Beverley uranium mine in South Australia which is in the region of the Company's three applications west of Lake Frome. Uranium in haematite breccias occurs at Olympic Dam, Prominent Hill and Mt Painter.

The Company's policy will be one of joint venturing to spread risk, where appropriate, and using its cash conservatively. Joint ventures with other groups will ensure a significant exploration effort can be implemented thus enhancing opportunities but keeping risk at acceptable levels.

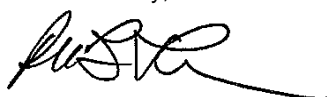
The Company subscribed for approximately 4.9% of the share capital of Southern Gold in its recent initial public offering. Southern Gold will spend \$400,000 joint venturing into two of the Company's tenements (for further details see section 10.9).

Under this Prospectus, 2 million Shares are being offered, at an issue price of \$0.28 per share. The total proceeds of the Offer will be \$560,000 if fully subscribed. It is expected that Hindmarsh will have a market capitalisation of \$5.8 million based on the issue price.

This Prospectus contains comprehensive information about Hindmarsh, the Offer and key risks. I encourage you to read this document carefully before making an investment decision.

I recommend this Offer to you and look forward to sharing Hindmarsh's development with you as shareholders.

Yours sincerely,



Richard M Bonython
Chairman

1. Important Information

This Prospectus for Hindmarsh is dated 3 June 2005. It was lodged for registration on 3 June 2005 with ASIC.

Neither ASIC, ASX or NSX takes any responsibility for the contents of this Prospectus.

This Prospectus will be issued in paper form and as an electronic Prospectus which may be accessed on the Internet at www.hindmarshresources.com.au. The offer of Shares pursuant to the electronic Prospectus is only available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person passing onto another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of the Prospectus. During the Offer Period, any person may obtain a hardcopy of this Prospectus by contacting the Company by email at admin@hindmarshresources.com.au.

Distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Prospectus does not constitute an offer in any place in which, or to persons to whom, it would not be lawful to make an offer.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application will be made within 7 days after the date of this Prospectus for permission for the Shares offered by this Prospectus and all other ordinary shares in the Company and "Quoted Options" to be listed for Quotation on the ASX.

No person is authorised to give any information or to make any representation regarding the Offer. Any information or representation in relation to the Offer which is not contained in this Prospectus may not be relied upon as having been authorised by Hindmarsh Resources Ltd or its directors.

In accordance with Chapter 6D of the Corporations Act this Prospectus is subject to an exposure period of 7 days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to 7 days. The purpose of this exposure period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, Applications received during the exposure period will be dealt with in accordance with Section 724 of the Corporations Act. Applications received prior to the expiration of the exposure period will not be processed until after the exposure period. No preference will be conferred on Applications received in the exposure period and all Applications received in the exposure period will be treated as if they were simultaneously received on the Opening Date.

The Shares offered by this Prospectus are of a speculative nature. Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisers before deciding whether to apply for Shares. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

Throughout this Prospectus abbreviations and defined terms are used. Those relevant to exploration are contained in the Glossary of Technical Terms in Section 7 of this Prospectus, and other abbreviations and legal terms are contained in the Definitions in Section 11 of this Prospectus (defined terms are generally identified by the uppercase first letter).

2. Offer Details

2.1 Background to Issue of Prospectus

Hindmarsh is currently listed on the NSX. Following a series of successful transactions, Hindmarsh is seeking admission to the Official List of the ASX.

Hindmarsh recently completed the following transactions:

- (a) The acquisition of 100% of the issued capital of Gladstone;
- (b) The application for three additional uranium exploration licence applications in South Australia, complementing the extensive portfolio acquired from Gladstone;
- (c) The joint venture of two of the above applications to Southern Gold;
- (d) The purchase of a 4.9% shareholding in Southern Gold at a cost of \$385,000; and
- (e) The execution of a joint venture agreement over five of Southern Gold's exploration licences.

These transactions are discussed in more detail in Section 4.1 of this Prospectus, and the terms of the agreements are considered in Section 10.9.

It is proposed that Hindmarsh be admitted to the Official List of the ASX and that its securities (other than unlisted options) be granted Official Quotation. Application will be made within 7 days of the date of this Prospectus for the Shares and "Quoted Options" in Hindmarsh to be listed on the ASX.

2.2 Purpose of Prospectus

The primary purpose of the Offer is to strengthen the Company's cash position to assist in the implementation of its proposed program of exploration and evaluation of the Projects described in this Prospectus. The funds raised under this Prospectus will also be utilised by the Company to meet the administrative costs of the Company and the expenses of the Offer. Refer to Section 2.6 for further information regarding the Company's proposed use of funds raised under this Prospectus.

2.3 Description of the Offer

This Prospectus invites investors to apply for a total of 2,000,000 Shares at an issue price of \$0.28 per Share to raise \$560,000. Upon listing, the Shares offered pursuant to this Prospectus will represent 9.6% of the issued capital of Hindmarsh.

All Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with the Shares already on issue. The rights attaching to the Shares are summarised in Section 10.10.

2.4 Opening and Closing Dates

Subscription lists will open on the Opening Date and will remain open until 5.00 pm CST on the Closing Date subject to the right of the Company to either close the Issue at an earlier time and date or to extend the closing time and date without prior notice. Applicants are encouraged to submit their Applications as early as possible after the Opening Date. If the exposure period for the Prospectus is extended by the ASIC then the Opening Date will be altered to the first business day after the last day of the exposure period.

2.5 Indicative Timetable

Prospectus Lodged	3 June 2005
Opening Date of Offer	10 June 2005
Closing Date of Offer	24 June 2005
Allotment of Shares	1 July 2005
Quotation of Shares on ASX expected to commence	6 July 2005

The above dates are indicative only

2.6 Proceeds of Offer

As is set out in Section 8 of this Prospectus, on the Closing Date the Company will have substantial cash reserves which will provide it with sufficient working capital to carry out its stated objectives for a period of two years.

A summary of the source and application of funds during that period is set out in the table below.

Source of Funds	Application of Funds
Existing funds as at 31 December 2004	1,204,831
Proceeds from exercise of options 19 April 2005	1,506,500
Proceeds from proposed issue under Prospectus	560,000
	3,271,331
Less: Acquisition of shares in Southern Gold Limited	(385,000)
Total	2,886,331
Use of Funds:	
Costs of Issue	127,000
Exploration Expenditure	900,000
Administration and Corporate	900,000
Working Capital	959,331
Total	\$2,886,331

2.7 Applications for Shares

Applications must be for a minimum of 8,000 shares (\$2,240), and thereafter in multiples of 1,000 shares. Applications can only be made by completing the Application Form attached to this Prospectus. The Company reserves the right to reject any Application or to allocate any investor fewer Shares than the number applied for. There is no minimum subscription for this Offer.

2.8 How to Apply

Applications under the Offer may be made, and will only be accepted, in one of the following forms:

- on the relevant Application Form accompanying this Prospectus;
- on a paper copy of the relevant electronic Application Form which accompanies the electronic version of the Prospectus, both of which can be found at and can be downloaded from www.hindmarshresources.com.au

Paper Application Forms, whether accompanying a paper copy of the Prospectus or which have been downloaded from www.hindmarshresources.com.au must be accompanied by a personal cheque or a bank draft payable in Australian dollars, drawn on an Australian branch of an Australian registered bank for an amount equal to the number of Shares for which Application is made multiplied by the Application price of \$0.28 per Share. Cheques or bank drafts should be made payable to "Hindmarsh Resources Ltd Float Account" and crossed "Not Negotiable".

Applicants should ensure that cleared funds are available at the time the Application is lodged, as dishonoured cheques will result in the Application being rejected.

Applicants completing paper Application Forms should return their completed Application Forms to Computershare Investor Services Pty Limited at the address shown in the Corporate Directory on the inside front cover of the Prospectus by no later than 5.00 pm (CST) on 24 June 2005.

All Applications must be received no later than 5.00 pm (CST) on 24 June 2005 unless the timing is varied. Detailed instructions on how to complete paper Application Forms are set out on the reverse of those forms. It is not a requirement to sign the Application Form. The Company reserves the right to reject any Application (including where an Application has not been correctly completed) or allocate any person fewer Shares than that person applied for, or vary the dates and times of the Offer without prior notice and independently of other parts of the Offer. Where Applications are rejected or fewer Shares are allotted than applied for, surplus Application Monies will be refunded. No interest will be paid on any Application Monies refunded.

2.9 Pro Forma Capital Structure

The pro forma capital structure of the Company is set out below to reflect the issued and paid up capital structure of the Company on the basis that the Offer is fully subscribed.

CAPITAL STRUCTURE

ISSUED SHARES	NUMBER OF SHARES	% ISSUED CAPITAL
Existing shares on issue	18,833,333	90.4
Shares to be issued pursuant to this prospectus	2,000,000	9.6
PROPOSED ISSUED CAPITAL AFTER ISSUE	20,833,333	100

OPTIONS	NUMBER OF OPTIONS
Listed Options exercisable @ 25 cents expiring on 23/03/09	2,066,595
Unlisted Options exercisable @ 22 cents expiring on 28/02/09	1,000,000
Unlisted Options exercisable @25 cents expiring on 30/06/2010	1,000,000
Unlisted Options exercisable @ 20 cents expiring on 30/10/08	333,333

Note: Under Catherine Hobbs' service contract, shareholder approval is to be sought for the issue of up to 1.5m options to her exercisable at 25 cents per share, expiring on 30/06/2010 (see section 10.4).

The cash backing after the capital raising is expected to be 13.3 cents per share (undiluted).

2.10 Allotment and Allocation of Shares

Subject to the ASX granting approval for the Company to be admitted to the Official List, the allotment of Shares to Applicants will occur as soon as possible after the Offer is closed, following which statements of Share holdings will be dispatched. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell their Shares before they receive their holding statements will do so at their own risk. Pending the issue of the Shares or return of the Application Monies, the Application Monies will be held in trust for the Applicants.

The Company may reject any Application or allocate any investor fewer Shares than applied for under the Offer. If an Application is not accepted, or is accepted in part only, the relevant part of the Application Monies will be refunded. Interest will not be paid on Application Monies refunded.

2.11 ASX Listing

The Company will apply to ASX within 7 days from the date of this Prospectus to be admitted to the Official List and for quotation of the Shares and "Quoted Options" on ASX. If granted, Official Quotation of the Shares on ASX will commence as soon as practicable after the allotment of the Shares and "Quoted Options" to investors.

The Company's existing listing on NSX will cease as part of the Company becoming listed on ASX.

If the Company's application to ASX is unsuccessful for any reason, it is intended to maintain the Company's listing on NSX, in which case shares offered under this prospectus may be listed on NSX rather than ASX. There is no provision for refunds if the shares are listed on NSX rather than ASX. If the shares are not approved for admission for quotation on either Exchange, application monies will be refunded to Applicants without interest and no shares will be issued.

ASX and NSX and their respective officers take no responsibility for the contents of this Prospectus. The fact that ASX may admit the Company to its Official List is not to be taken in any way as indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

2.12 CHESS

The Company will apply to participate in the clearing house electronic sub-register system ("**CHESS**"), operated by ASX Settlement and Transfer Corporation Pty Ltd ("**ASTC**") (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASTC Settlement Rules. On admission to CHESS, the Company will operate 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 securities.

Under CHESS, the Company will not issue certificates to investors. Instead the Company will provide investors with a holding statement (that is similar to a bank account statement) that will set out the number of Shares allotted to that investor under this Prospectus. The Statement will also advise investors of either their 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 on the issuer sponsored sub-register. A statement will be routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time, however a charge may be incurred for additional statements.

2.13 Restricted Securities

As a condition of admitting the Company to the Official List, the ASX may classify certain Shares and/or Options as escrowed securities. Prior to Quotation it will be necessary for these shareholders and/or optionholders to enter into restriction agreements with the Company. The effect of the restriction agreements will be that the restricted securities cannot be dealt with for a period as determined by the ASX.

The Gladstone Vendors have agreed to enter into restriction agreements in relation to the Shares in the Company issued to them under the Share Purchase Agreement (refer to Section 10.9) under which they are restricted from selling those shares for a period of 12 months after the date of issue of those shares.

2.14 Investment Risks

The investment offered herein is speculative, as the tenements detailed in this Prospectus are at an early exploration stage.

Further information on investment risks is provided in Section 5 of this Prospectus.

2.15 Applicants Outside of Australia

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. It is the responsibility of any Applicant who is resident outside of Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional advisors as to whether any government or other consents are required, or whether any formalities need to be observed, to enable them to apply for and be allotted Shares. No action has been taken to register or qualify the Shares or the Offer or otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

2.16 Enquiries in Relation to the Offer

This Prospectus provides information for potential investors in the Company and should be read in its entirety. If after reading this Prospectus you have questions about any aspect of the investment in the Company, please consult your stockbroker, accountant or independent financial advisor.

3. Directors' Review

3.1 Company History

The Company listed on the NSX on 19 December 2003 with a market capitalisation of approximately \$1.44 million. Upon listing, the Company's only asset was cash at bank and it had no material liabilities. At that time, the stated objective of the Company was to invest in small to medium sized resource opportunities, both listed and unlisted.

On 16 March 2005, Hindmarsh entered into a Share Purchase Agreement under which:

- (a) Hindmarsh acquired 100% of the issued capital of Gladstone;
- (b) As consideration, Hindmarsh issued 4.4 million fully paid ordinary shares in Hindmarsh at a deemed issue price of \$0.25 per share to the Gladstone Vendors;
- (c) The Gladstone Vendors became subject to a voluntary escrow of the shares in Hindmarsh issued to them for 12 months from the date of issue.

The full terms of the transaction are considered in section 10.9 of this Prospectus.

Gladstone is a special purpose company which was incorporated for the purposes of acquiring exploration tenements in South Australia which are prospective for uranium deposits. The assets of Gladstone comprise two exploration licences and eight applications for exploration licences, all of which are situated in South Australia. It has no liabilities other than ordinary operating expenses.

In addition, Hindmarsh recently applied for three uranium exploration licence applications in South Australia, to complement the extensive uranium exploration portfolio acquired from Gladstone Resources Limited. Further information regarding the three applications can be found in Sections 4, 6 and 9 of this Prospectus.

On the 6 April 2005, Hindmarsh subscribed for a 4.9 per cent (approximately) shareholding in Southern Gold Limited ("**Southern Gold**") at a cost of \$385,000. Southern Gold listed on the ASX on 20 April 2005. Southern Gold is a South Australian based company whose primary focus is the exploration and development of mineral deposits in the Gawler Craton of South Australia, which hosts the massive Olympic Dam copper-gold-uranium mine, the high-grade Challenger gold mine and the Prominent Hill copper-gold deposit. Hindmarsh's interest in Southern Gold is driven by the uranium potential of its exploration portfolio.

On 26 April 2005, Hindmarsh and Southern Gold entered into a number of joint ventures whereby:

- Hindmarsh has the right to earn a 51% interest in uranium situated within each of EL's 3080, 3097 and 3308, by expending \$250,000 on that tenement within two years. Hindmarsh has a right to increase its interest in uranium in any of these tenements from 51% to 80% by expending an additional \$250,000 on the relevant tenement within an additional eighteen months; and
- Hindmarsh has the right to earn a 25% interest in each of EL's 3158 and 3217 (in respect of all minerals) by contributing 25% of exploration expenditure until it has expended \$250,000 on that tenement within 3 years. Hindmarsh has a right to increase its interest from 25% to 35% by contributing 35% of exploration expenditure until it has contributed an additional \$250,000 on that tenement within 1 year; and
- Southern Gold is obliged to solely expend \$400,000 on exploration within ELAs 96/05 and 199/05 (owned by Hindmarsh) and will then be entitled to a 30% interest in any uranium located within those tenements.

The terms of the joint venture agreements are detailed in Section 10.9 of this Prospectus.

On 3 May 2005, Hindmarsh and Ms Catherine Hobbs entered into an agreement whereby Hindmarsh agreed to employ Ms Hobbs as its managing director (refer Section 10.4 (c) for the terms of the contract).

Upon listing, the major assets of Hindmarsh will be the exploration licences and joint venture agreements, together with cash of approximately \$2.7 million.

It is anticipated that the Company will be admitted to the Official List of the ASX and will concurrently, cancel its NSX listing. Upon listing on the ASX the Company will have 20,833,333 shares on issue, including 4,400,000 shares issued to Gladstone shareholders (21.1%) and 2,000,000 shares issued under this Prospectus.

3.2 Company Strategic Rationale

The Company has been prompted to undertake this strategic move into uranium by:

- the expected increase in demand for uranium as an energy source for non-greenhouse base-load power generation which is projected to lead to a deficit in supply and consequent escalation in uranium prices; and

- the prospectivity for uranium in South Australia, a region that has a substantial uranium mining industry through Olympic Dam (which currently holds the world's largest uranium resource) and the Beverley uranium mine.

Growing market for uranium

At the Prospectors and Dealers Association of Canada Convention in March 2005, as part of a commodities and market outlook presentation, Penny Buye of Cameco Corporation suggested that Western World demand for uranium would exceed world supply until at least 2014, with anticipated new production not able to meet the demand.

The world's uranium mines currently produce approximately 42,000 tonnes of uranium oxide, compared with world consumption of approximately 80,000 tonnes. The shortfall was met from secondary supplies (stockpiles and obsolete weaponry). Whilst the quantity of secondary supplies of uranium is unknown, it is unlikely that this is a long term solution. Without an increase in uranium mine production, supply is unlikely to meet demand, even with the proposed increase in capacity at Olympic Dam. This has been reflected by significant price increases of U3O8 over the last two years, rising from as low as \$US10/lb to US\$29/lb on 23 May 2005.

As world demand for electricity increases and global warming continues to be a critical issue, re-evaluation of uranium as a source of base load electricity generation becomes compelling. Approximately one third of the world's population does not have access to electricity. The majority of these people are situated in India and China, whose economies are expanding rapidly, with consequent demand for higher standards of living and services.

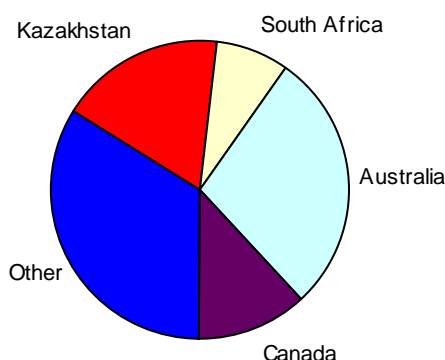
Whilst historically uranium has faced opposition from the media and some political groups, due to concerns relating to its use in nuclear weapons and issues regarding its disposal, the world is witnessing a change in sentiment towards uranium as a source of energy. Nuclear power is already established as an important part of the world's energy mix, providing over 16% of electricity, compared with coal (40%), natural gas (15%), hydro and alternatives (19%) and oil (10%). With numerous countries facing the task of satisfying increasing demand for electricity, whilst meeting their emissions targets as imposed by the Kyoto Protocol, nuclear energy is seen as providing a "clean" low cost alternative.

The United Nations Intergovernmental Panel on Climate Change (IPCC) recently reported that a 50-80% reduction in greenhouse gas emissions will be required simply to stabilise the carbon dioxide concentration in the atmosphere at present levels. The World Nuclear Association has stated that every 22 tonnes of uranium used saves one million tonnes of carbon dioxide discharged from burning coal. Despite attempts by governments of advanced nations to promote renewable energy sources, their potential is impacted by high generating costs or limited availability. Nuclear power is gaining acceptance as an environmentally benign way of producing electricity on a large scale, evidenced by the world wide construction of numerous nuclear power plants. As at March 2005, there were 440 operating nuclear power plants. A further 73 power plants are proposed or under construction. Europe has embraced nuclear power generation over the last 40 years with 79% of France's electricity generated from nuclear power, and significant contributions to power supply for many others including Britain, Germany, Lithuania, and Sweden. Much of the planned construction is in Japan, India and the People's Republic of China, which intends to build 40 nuclear reactors over the next 15 years.

Australia's position in the global uranium market

Whilst Australia contains over 28% of the world's known recoverable uranium resources, Australian uranium only supplies about 21% of the world market for mined uranium, and about 12% of world reactor requirements. Canada has about half the reserves of Australia; however its annual production of uranium oxide is substantially higher.

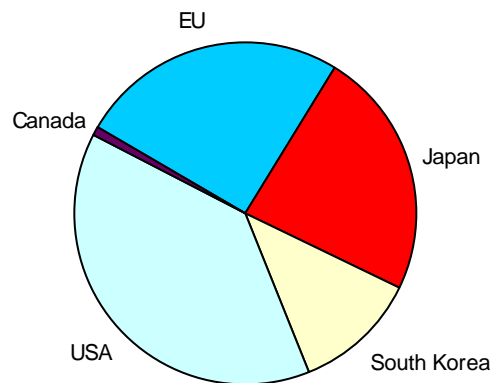
% of World Known Recoverable Reserves of Uranium



Source: World Nuclear Association

Australia is well placed to take advantage of the expected growth in demand and the forecast increase in uranium prices. Most of Australia's reserves have a relatively low projected cost of recovery, making for long life, low cost assets. Additionally, Australia is geographically close to and already a major supplier of the most rapidly growing markets for uranium, East Asia. Japan, already the world's second largest consumer of uranium, confronts the hardest task amongst countries that have ratified the Kyoto Protocol in meeting its emissions target, with relatively few opportunities to increase its already very high level of energy efficiency. Australia has a well developed trading relationship with Japan and a partnership agreement that includes coverage of greenhouse issues.

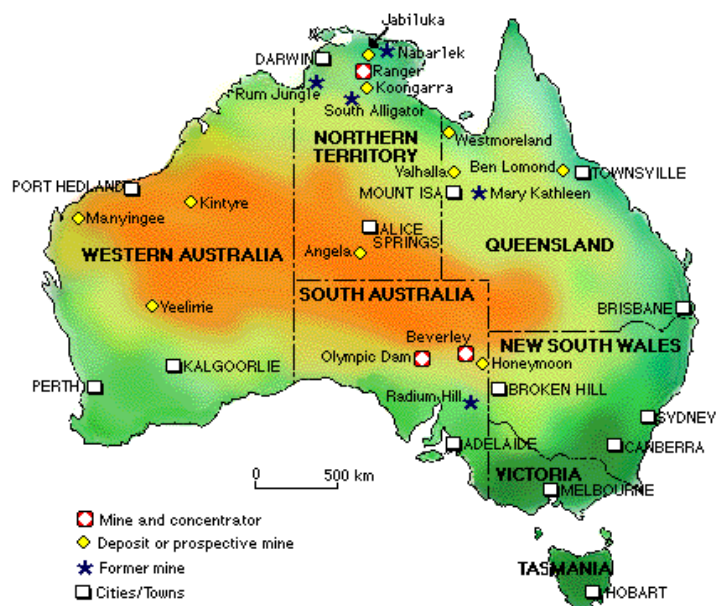
2003-04 Uranium Exports from Australia



Source: Uranium Information Centre

South Australia's position in Australian uranium market

South Australia plays a key role in Australia's uranium mining heritage. The uranium mines at Radium Hill and Mt Painter, where mining occurred for radium prior to 1932, earmarked the future success of South Australia in uranium mining. Currently, South Australia accounts for approximately half of Australia's total uranium mine production (more than 10 per cent of world's uranium mine production) through the mines at Olympic Dam and Beverley. Olympic Dam has by far the world's largest uranium resource and it, along with Beverley and the significant resources identified at Honeymoon and Gould's Dam is testament to South Australia as a preferred location for further uranium exploration.



Source: Uranium Information Centre

3.3 Company Objectives and Strategies

The Company will pursue uranium targets in South Australia similar in style to Olympic Dam, Beverley, Honeymoon and Mt Painter. It will use its existing expertise to identify prospective targets.

Joint ventures and alliances will be sought out as appropriate to ensure that risks are not excessive, that data-base information can be obtained and that technical expertise is maximised.

Funding for initial exploration activities will be from the existing working capital reserves of the Company.

3.4 Profile of Directors

Richard Bonython BAgSc

Chairman: Age 70

Richard Bonython has over 40 years experience in the building, construction, rural and mineral exploration industries. In the last 10 years he has principally been involved at board level, in mineral exploration, and has been influential in the formation and ultimate listing of several mineral exploration groups.

Richard was an executive director of Minotaur Resources Ltd (2000 to 2005) and is now an executive director of Minotaur Exploration Ltd, a non-executive director of Mithril Resources Ltd (2002 to present) and Petrathern Ltd (2004 to present), all listed on the ASX.

From 1996 to 2000, Richard was a non executive director of Minotaur Gold NL (now Redport Ltd). In 1999, he retired as Chairman of Diamin Resources NL having been a director of that company for 15 years.

He was executive director of Pioneer Property Group Ltd from inception in 1976 until 1994, and a trustee of that group's superannuation fund from 1988 to 1993.

Catherine Hobbs BA (Geol), MAICD

Managing Director: Age 54

Kate Hobbs is a geologist with over 30 years experience in the mineral exploration and mining sector. She was a founder in 2001, and the Executive Director from 2001 to 2005, of Focus Minerals Ltd which became Austminex Ltd in 2003. She has extensive experience in strategic planning, acquisitions and divestments, and joint venture negotiation and management. She held senior management roles with Reynolds Australia Ltd, New Hampton Goldfields Ltd, Grenfell Resources Ltd, and Metana Minerals NL prior to establishing Austminex.

In the 1970s Kate worked with Noranda Australia during the definition of the Koongarra uranium deposit in the Northern Territory, and later spent 2 years with Agip Nucleare as a uranium petrologist working on the Valhalla and Skal uranium deposits in Queensland and areas in northern Western Australia. In 1976 she spent a year with the Australian Atomic Energy Commission's exploration arm researching uranium occurrences throughout Australia.

Kate was formerly a member of the Premier's Resources Task Force (SA), the Mineral Industry Advisory Board of South Australia, and a Vice-President of the South Australian Chamber of Mines and Energy.

Creagh O'Connor BEc, LLB, ACA

Non-Executive Director: Age 44

Creagh O'Connor is a founding Director of a boutique investment bank, Gryphon Partners, specialising in resource and energy transactions.

Prior to establishing Gryphon Partners, Creagh was employed by the Normandy Mining Group in a variety of roles including Managing Director of Australian Magnesium Corporation Limited and Group General Manager of Business Development for Normandy Mining having joined in 1993. Prior to this, he spent 13 years specialising in corporate finance, advisory roles and providing general financial advice in Australia and Europe. This included working with companies such as Bain & Company, Morgan Grenfell & Co. and Price Waterhouse. Creagh is a Non-Executive Director of Australian Magnesium Corporation Limited.

Simon O'Loughlin BA (Acc)

Non-Executive Director: Age 48

Simon O'Loughlin is the founding member of O'Loughlins Lawyers, an Adelaide based medium sized specialist commercial law firm. For many years he has practiced, both in Sydney and Adelaide, in the corporate and commercial fields with, in more recent times, a particular focus on the resources sector. He also holds accounting qualifications. He is a former director of Gowit Limited (now called Agincourt Resources Limited) and is currently a director of Living Cell Technologies Limited, Petrathern Limited and WCP Diversified Investments Ltd. He has extensive experience and involvement with companies in the industrial and resources sectors. He has also been involved in the listing and back-door listing of numerous companies on the ASX and Newcastle Stock Exchange. He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).

3.5 Technical Team

Ian Youles BSc, ARSM Technical Manager

Ian Youles is a qualified mining geologist with over 40 years experience in mineral exploration and mining geology in Australia, East Africa, India, the Solomon Islands and New Guinea. Of particular relevance and value to Hindmarsh is Mr Youles' experience in uranium exploration between 1968 and 1982. During this period, he discovered and defined resources within the uranium field in the Mt Painter area of South Australia, working for Exoil NL. As supervising geologist for the South Australian government for all company mineral exploration, he monitored all uranium exploration in South Australia, including discovery and early exploration of Olympic Dam and orebody definition at Beverley and Honeymoon. From 1978 to 1979 he conducted uranium exploration throughout Australia for Mobil Energy (Aust) Ltd and then as South Australian manager of Oilmin NL to 1982, he was involved in exploring for uranium in haematitic breccias within gravity highs similar to Olympic Dam. Mr Youles will be responsible for Hindmarsh's exploration program, reporting to Ms Catherine Hobbs.

3.6 Corporate Governance

The Board of Directors is responsible for the corporate governance of the Company including its strategic development.

Board Responsibilities

The Board will be accountable to the Company shareholders for the performance of the Company and will have overall responsibility for its operations. Day to day management of the Company's affairs, and the implementation of the corporate strategy and policy initiatives, will be formally delegated by the Board to the Managing Director.

The key responsibilities of the Board will include:

- approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- adopting budgets and monitoring the financial performance of the Company;
- reviewing the performance of the Managing Director;
- overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- ensuring all major business risks are identified and effectively managed; and
- ensuring that the Company meets its legal and statutory obligations.

Size and Composition

The Directors consider the size and composition of the Board is appropriate given the size and status of the Company. However, the composition of the Board will be subject to review in a number of ways.

- The Company's constitution provides that at every annual general meeting, one third of the directors shall retire from office but may stand for re-election.
- Board composition will be also reviewed periodically either when a vacancy arises or if it is considered the Board would benefit from the services of a new director, given the existing mix of skills and experience of the Board which should match the strategic demands of the Company. Once it has been agreed that a new director is to be appointed, a search would be undertaken, sometimes using the services of external consultants. Nominations would then be reviewed by the Board.

Conflicts of Interest

In accordance with the Corporations Act and the Company's constitution, the Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the director concerned will not receive the relevant Board papers, will not be present at the meeting whilst the item is considered, and will take no part in any decision.

Director and Senior Management Dealings in Company Securities

The Company's constitution permits the Directors to acquire securities in the Company. However, the Company policy prohibits directors and senior management from trading the Company's securities at any time whilst in possession of price sensitive information, and for 24 hours after:

- any major announcements;
- the release of the Company's annual financial results to the ASX; and
- the annual general meeting.

Directors must advise the Chairman of the Board before buying or selling securities in the Company. All such transactions will be reported to the Board. In accordance with the provisions of the Corporations Act and the ASX Listing Rules, the Company will advise the ASX of any transaction conducted by the Directors in the Company's securities.

Board Committees

The Board of Directors takes ultimate responsibility for corporate governance including the functions of:

- establishing compensation arrangements of the Managing Director and its senior executives and officers;
- appointment and retirement of non-executive directors;
- appointment of auditors;
- areas of business risk;
- maintenance of ethical standards; and
- audit committee.

The Board seeks independent professional advice as necessary in carrying out their duties and responsibilities.

Continuous Disclosure

The Company has a policy that all the Company shareholders and investors have equal access to the Company's information. The Chairman of the Board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. The company secretary has primary responsibility for all communications with the ASX.

Code of Ethics

The Directors, management and staff are expected to perform their duties for the Company in a professional manner and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Shareholder Communication

The Board of Directors' aim is to ensure that the Company shareholders will be informed of all major developments affecting the Company's state of affairs. Information will be communicated to the Company shareholders in the following forms:

- the annual report will be distributed to all the Company shareholders (unless a shareholder has specifically requested not to receive the document);
- the half-yearly report will contain summarised financial information and a review of the operations of the Company during the period (the financial report will be sent to any shareholder who requests it);
- the ASX quarterly cash reports will contain summarised financial information and a review of operations of the Company during the relevant period; and
- notices of all meetings of the Company shareholders.

Adoption of Australian Equivalents of International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the Company must comply with International Financial Reporting Standards ("IFRS") as issued by the Australian Accounting Standards Board.

The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the Company's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The key potential implications of conversion to IFRS on the Company are as follows:

- All financial instruments including derivatives will be recognised in the statement of financial position and all derivatives will be carried at fair value.
- Impairment of assets will be determined on a discounted basis, with strict tests for determining whether cash generating operations have been impaired.

- Deferred tax assets and liabilities will generally be based on the differences between the accounting and tax basis of assets and liabilities under the “balance sheet” approach which may result in the recognition of more deferred tax assets and liabilities.
- Equity based compensation in the form of shares and options will be recognized as expenses of the periods during which the employee provides related services.
- Changes in accounting policies will be recognized by restating comparatives rather than making current year adjustments with note disclosures of prior period effects.

A detailed evaluation of the impact of IFRS on the Company's accounting policies and business information requirements has not been performed as at 31 December 2004, but is expected to occur by 30 June 2005. It is expected that the impact will be small.

4. Exploration Overview

The Company holds an exploration portfolio consisting of five granted Exploration Licences (ELs) which are subject to joint venture, and two ELs and eleven Exploration Licence Applications, of which two are subject to joint venture (Figure 1 and the Solicitors Report, Section 9) .

The Company's tenements are considered prospective for a variety of mineral commodities, however exploration will target uranium in two styles:-

- Sedimentary or 'roll-front' deposits in Tertiary palaeochannels, such as Beverley and Honeymoon; and
- Haematitic breccia deposits in Proterozoic haematitic breccias and associated sediments, such as the Olympic Dam and Mt Painter deposits.

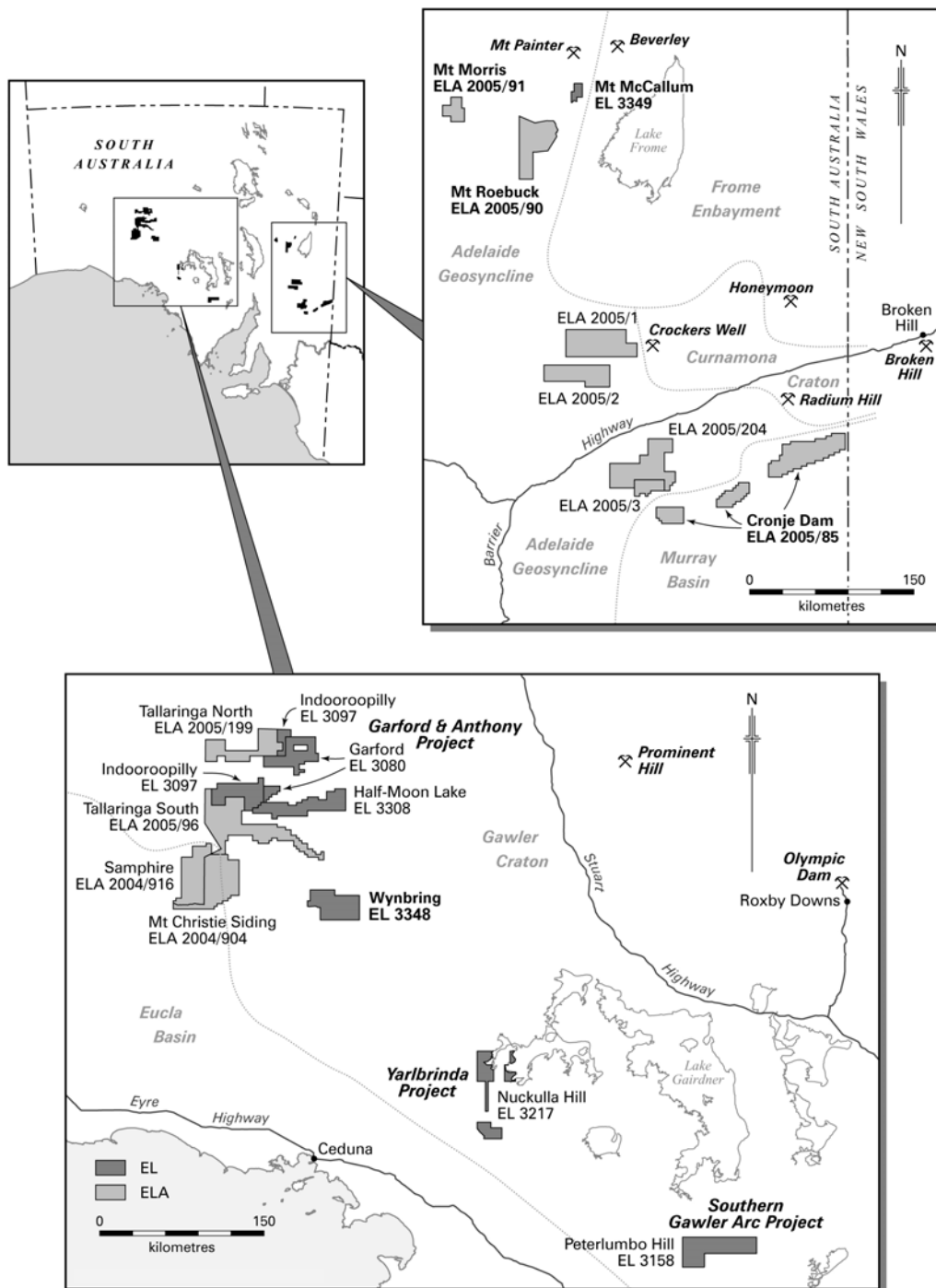


Figure 1: Location Plan

4.1 Tertiary Roll Fronts

“Roll front” uranium deposits form at the boundary between reducing and oxidising environments (“redox”) in moving groundwater. Uranium sedimentary deposits occur within Tertiary palaeochannels at a number of locations in South Australia. The best known of these are the deposits at Beverley and Honeymoon, both located in the Frome Embayment, in the eastern part of South Australia (Figure 1).

In the west of the State the Company has a large prospective land holding along the Tertiary Garford, Anthony and Wynbring palaeochannels (Figure 2). Favourable channel sediments for uranium deposition exist close to uranium-bearing Hiltaba Suite granites. High uranium concentrations in near surface lignitic rocks, groundwater and drill hole intercepts within the palaeochannels, confirm that uranium is mobile within the systems.

In the east of the State, the Company's Cronje Dam project covers Tertiary palaeochannel sediments with known uranium mineralization, probably derived from nearby uraniferous basement rocks.

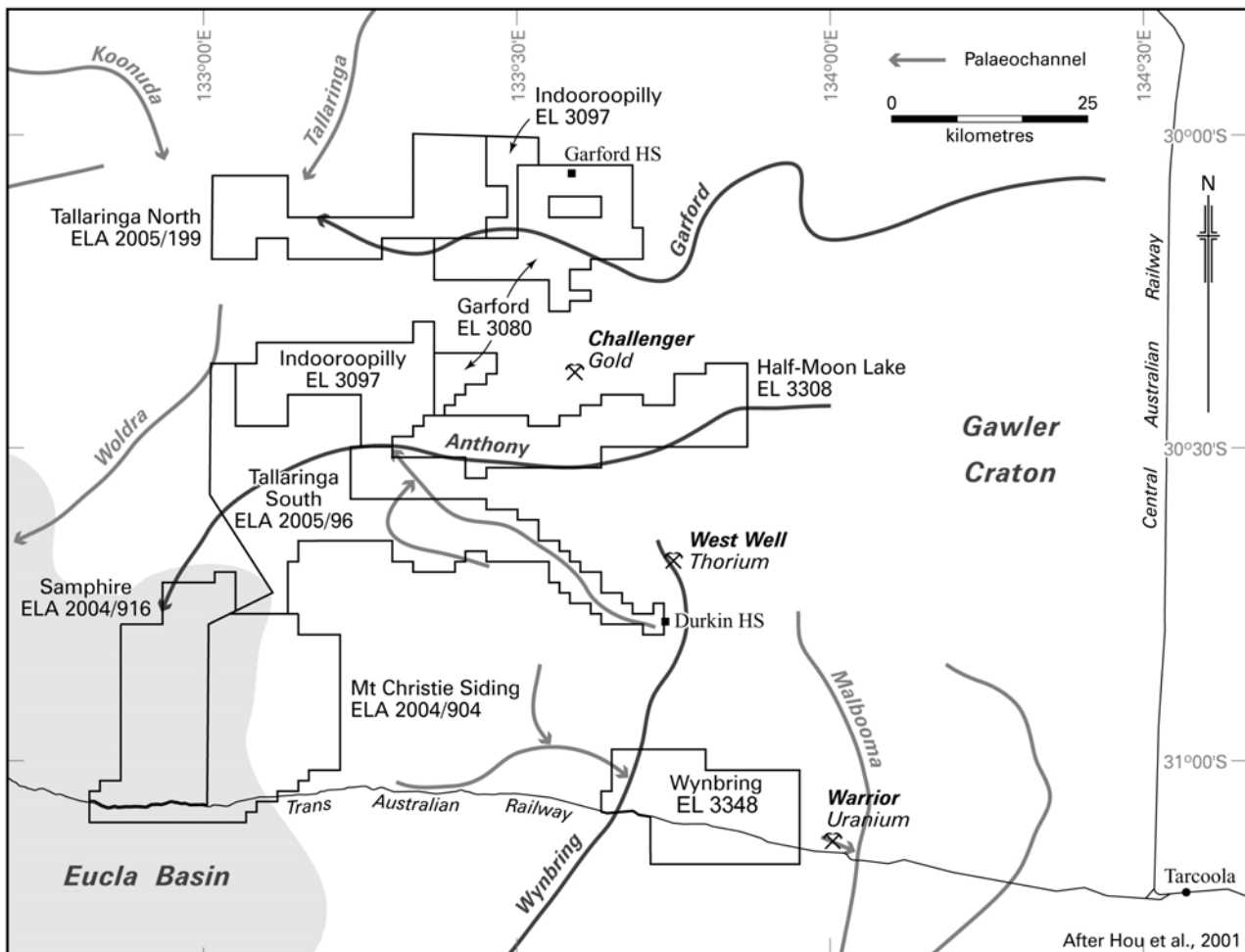


Figure 2: Eucla Basin Tenements and Palaeochannels

**Garford & Anthony Project - EL 3080, EL3097 and EL 3308
ELA 2004/904, ELA 2004/916, ELA 2005/96 and ELA 2005/199**

Location

The project covers an area of 4,024 square kilometres, located from approximately 150 kilometres west of Tarcoola to 150 kilometres northwest of Tarcoola (Figure 2).

Geology

Quaternary aeolian sands and scattered salt flats cover most of the project area. Satellite imagery confirms that this area covers much of the Garford and Anthony palaeochannels. These channels are incised into weathered Archaean and Proterozoic basement rocks of the Gawler Craton, including partly uraniferous granites and gneiss.

Drilling programmes will test the full section and extent of the Garford and Anthony palaeochannels for uranium.

Previous Uranium Exploration

In the early 1970's, CRAE carried out exploration for uranium within the southern part of the project area. Auger drilling by hand (39 holes) and vehicle mounted (3 holes - total 35 metres) techniques investigated the salt flat regions (Figure 3). Samples were analyzed for uranium, thorium and lead. Uranium values up to 0.06% occur in lignitic sediments in HADH63, down to 1.5 metres depth. Deeper auger drilling to a maximum of 18 metres failed to penetrate a grey sandy clay sequence containing lignitic fragments. Depths to basement and types of sediments within the palaeochannel across the tenements remain unknown. Highly anomalous uranium values were recorded in the two groundwater samples collected – 855 ppb in HADH3 and 237 ppb in HADH63, with an acid pH of about 4.

Groundwater sampling and sparse drilling by BP confirmed the presence of elevated uranium values in the northern part of the project area.

Future Work

Drilling programmes will be planned to test the full section of the most prospective palaeochannels. In addition, basement rocks from that drilling will be tested for uranium and associated metal content and all results combined with aeromagnetic and gravity data and assessed for targets within basement.

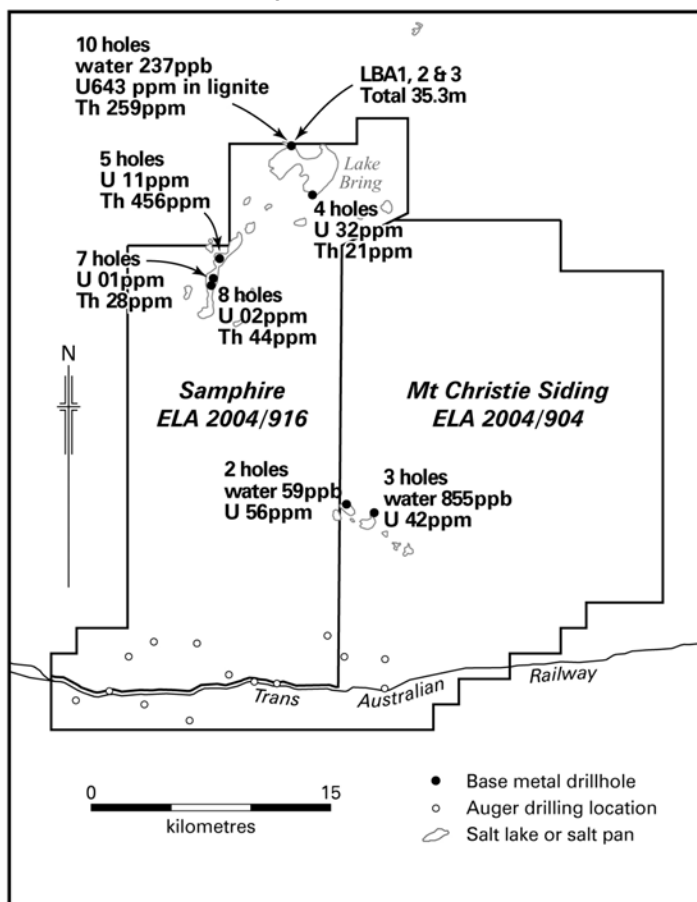


Figure 3: Samphire and Mt Christie Projects

Wynbring Project - EL 3348

Location

Wynbring occupies an area of 485 square kilometres and is approximately 100 kilometres west of Tarcoola on the Trans Australian Railway and 650 kilometres northwest of Adelaide (Figure 2).

Geology

Apart from a few scattered exposures of Precambrian granite, a veneer of Quaternary aeolian sands, 2 to 15 metres thick, covers the tenement. The area investigated consists of a Tertiary channel infilled with high energy, fluvial clastics and associated flood plain and paludal sediments, incised into Archaean and Proterozoic basement of weathered granites and gneiss.

Downhole radiometric anomalies occur at or near the boundary of oxidation/reduction (redox) in carbonaceous sands and clays, which are also pyritic below the redox boundary. That boundary is generally 15 to 30 metres below surface.

Most of the minor radiometric anomalies are associated with carbonaceous mudstones. The notable exception is in hole TW 108 (Figure 4), on the south-eastern side of the channel, where the highest downhole radiometric reading for the Wynbring channel, 2,060 counts per second (cps) or 70 times background (bg), is recorded. This maximum is in ferruginous sandstone at a depth of 25 metres, with a secondary peak at 26 metres, at a contact with sandy carbonaceous claystone. The redox boundary zone lies at 26 to 30 metres depth. No assays are recorded for this drill hole. A previous holder of the tenement has stated that, from results in the Warrior Channel 30 kilometres east, this high reading indicates a uranium content of about 0.1%.

Previous Uranium Exploration

As the area is mostly covered by sand, all significant uranium exploration was by drilling.

The only detailed uranium exploration was by Japanese interests during the 1970s, when the Wynbring mineralised palaeochannel was discovered (Figure 4). Within the current ELA area, approximately 30 open holes and 25 RC holes were completed for a total of about 2,500 metres, along with one large diameter core hole. The holes were arranged on seven east-west traverses, nominally 2 kilometres apart, along some 14 kilometres of the palaeochannel. That channel, as outlined by drilling, is 1.4 to 3 kilometres wide and extends below surface to a maximum depth of 74 metres .

The tenement holders concluded that the Wynbring Channel and its tributaries are more sinuous than originally indicated; however, oxidized channel sands with associated radiometric anomalies suggest that roll-front type uranium mineralization may be present and further exploration is required to assess that potential.

All drill holes were logged radiometrically. Two types of probe were used at different stages and a correlation between the two probe types was provided.

During a search for gold in the 1990s, 11 holes were completed in the area southeast of the palaeochannel. In the western group of 4 holes, probable Tertiary sands with lesser silts and clays were intersected to depths of 46m to 62m below surface (Figure 4). To the east, 7 closely spaced holes intersected shallow basement 4m to 16m below surface (Figure 4). Neither uranium analyses nor downhole logging were carried out.

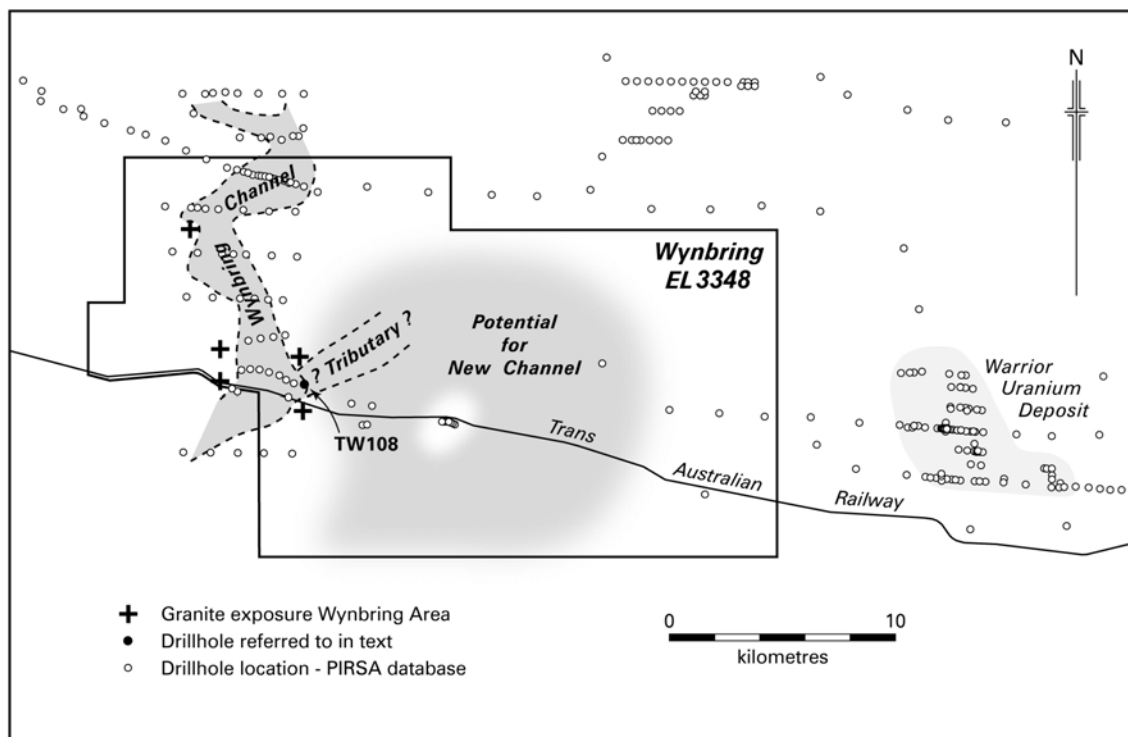


Figure 4: Wynbring Project

Future Work

Tertiary channels with potential for uranium accumulations may exist easterly of the Wynbring Channel (Figure 4). These may be tributaries to Wynbring or completely separate channels.

Evidence for a tributary joining the Wynbring Channel from the northeast is strong. Drill hole TW 108, at the eastern end of a drill traverse (Figure 4), intersected uraniferous ferruginous sandstone with yellow coatings on the grains, indicating pyrite alteration; this sandstone is not present in adjacent holes spaced at 400m westerly and most other sandstones are not pyritic. It is probable that the pyrite was deposited by groundwater at a former redox front and then oxidized by the advancing front - typical of roll-front type deposits. Within the channel section the redox zone dips steeply at the eastern

end and indicates a different and stronger weathering regime to the east. This would allow for a greater concentration of uranium around the redox zone.

In addition, later exploration drilling (for gold) to the east of Wynbring intersected up to 62m of probable Tertiary sediments, indicating that another channel or tributary may also exist to the east.

Cronje Dam Project – ELA 2005/85

Location

Cronje Dam covers an area of 1,000 square kilometres, which is divided into three blocks - Western, Central and Eastern. The application area is centred about 150 kilometres southwest of Broken Hill and 250 kilometres northeast of Adelaide (Figure 1).

Geology

Regionally, the project covers an area where younger Tertiary sediments on-lap Proterozoic basement along the northern margin of the Murray Basin. Towards the eastern end of the project, the basement consists of Palaeo-proterozoic Willyama Complex metamorphic and granitic rocks, which host the Radium Hill mine (worked during the 1950s) and Crocker Well uranium lodes. Further west, the basement is overlain by Neo-proterozoic sediments of the Adelaide Geosyncline. The areas explored previously are where younger sediments of the Murray Basin on-lap basement along the northern margin. This margin is mostly controlled by the northeast trending Anabama-Redan Fault Zone, which is part of the continental-scale Darling Lineament. Distribution of the mineralized basal part of the Miocene sands is controlled by proximity to that fault. A major re-entrant (tributary) containing Miocene sands joins the zone on the northern side and also hosts uranium mineralization (Figure 5).

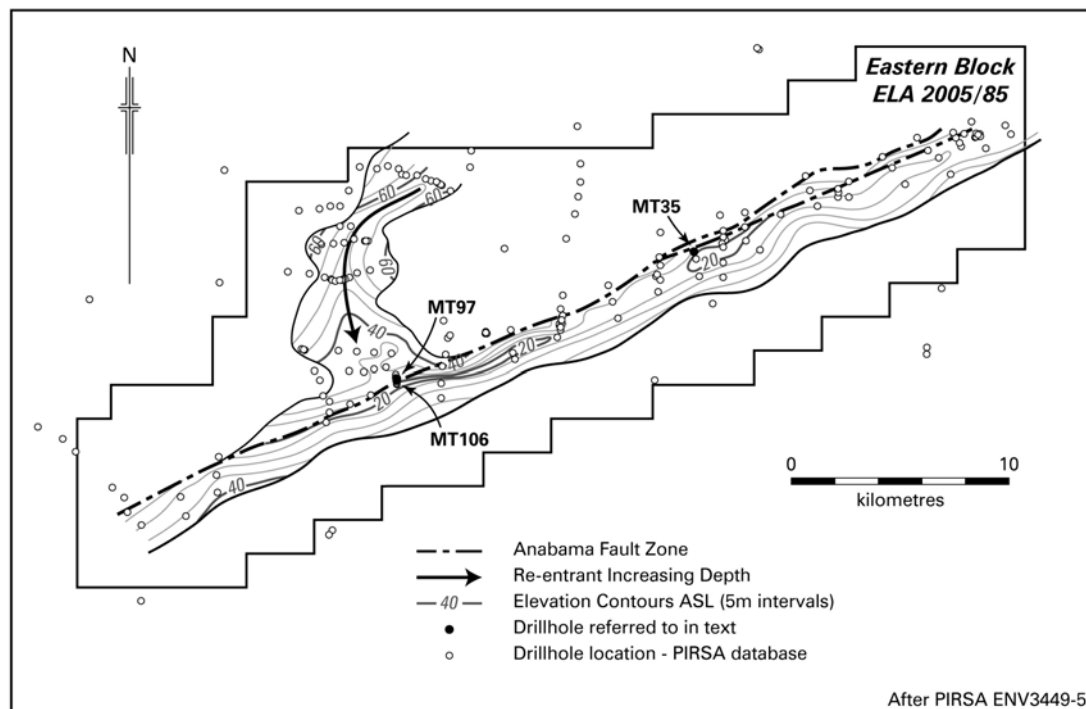


Figure 5: Cronje Dam Project

Gamma logging of drill holes recorded intercepts of around 0.05% e(equivalent)U₃O₈ (holes MT97 & MT106, Eastern Block) and 0.035% eU₃O₈ (MT35); assays up to 0.1% U₃O₈ are recorded in lignite core from drilling on the Western Block.

Previous Exploration

As sands cover the area, all significant previous uranium exploration was by drilling (Figure 5).

Following discovery of the Beverley uranium deposit in Tertiary sediments, 300 kilometres to the north, Minad-Teton, Tricentrol and Marathon Petroleum explored the Cronje Dam region during the 1970s. They discovered and investigated sedimentary uranium mineralization in Miocene fluvial sands.

Around the Eastern Block of the ELA, 190 open holes were completed for a total of 21,521 metres, around the Central Block, 42 open holes for a total of 4,939 metres and around the Western Block 31 holes for a total of 2,600 metres.

The palaeochannel extends for at least 30 kilometres following the northeast trending Anabama Fault line, with one known re-entrant extending about 15 kilometres northerly. Palaeochannel width varies from 2 to 5 kilometres (Figure 5). These Miocene sands are between 10 and 60 metres thick and occur at depths ranging from 50 to 90 metres below surface; depth to the oxidation-reduction zone is around 90 to 100 metres. Uranium mineralization is generally found near the base of the Miocene sands.

Future Work

Much work needs to be done compiling and assessing the wealth of data available from the 263 holes drilled previously, before specific prospects are identified. Previous drilling is generally on two-kilometre line spacing, therefore infill drilling will be needed to follow up anomalous results. Most previous drilling was carried out along to the Anabama Fault Zone, so the potential for additional re-entrants on the northern side of the fault and redox zones within the Miocene sands distal from that fault will need to be tested by drilling.

4.2 Haematitic Breccias

4.2.1 Olympic Dam Style

Olympic Dam Mine and Prominent Hill prospect are haematitic iron oxide-copper-gold-(uranium) (IOCG) deposits, with the following characteristics:

- major crustal fracture systems – facilitate pathways for igneous rocks and mineralizing solutions
- Volcanics and granitic intrusives – usually anomalous in uranium (e.g. Hiltaba Suite granite)
- Gravity highs – from extensive and intense haematitic alteration
- Haematitic, chloritic, sericitic and siliceous alteration - as a halo around major mineralization
- Enrichment in copper, gold, uranium and rare earth elements (REE), especially close to major mineralization.

Southern Gawler Arc Project – EL 3158, Peterlumbo Hill

Location

The tenement covers an area of 583 square kilometres located 260 kilometres southeast of Tarcoola and 340 kilometres northwest of Adelaide (Peterlumbo Hill, Figure 1).

Geology

The Southern Gawler Arc consists of Palaeoproterozoic metasediments overlain and intruded by Mesoproterozoic Gawler Range Volcanics and Hiltaba Suite granites. Significant near-surface mineralization related to the Hiltaba intrusive activity occurs adjacent to the tenement - lead-zinc-silver at Menninnie Dam prospect and gold at Weednanna prospect (Figure 6).

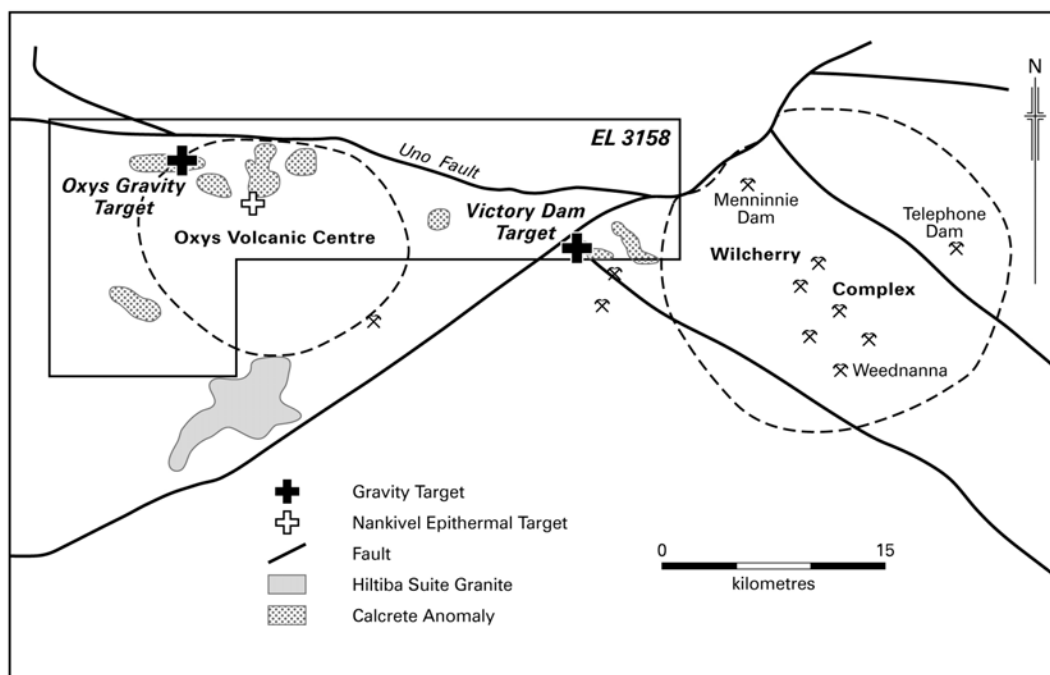


Figure 6: South Gawler Arc Projects

The prime target for an IOCG uranium deposit is the Victory Dam prospect in the south-eastern sector. A drill-ready gravity high of 6 milligals is defined in an area of high-level copper, lead-zinc and gold mineralization at the intersection of major northwest and northeast trending faults.

Regional data indicate a second gravity high might represent another IOCG-uranium target. It occurs in the north-western sector of the project area, on the northwest flank of the Oxys Volcanic Centre - an interpreted feature where high-level intrusives are associated with sub-cropping Hiltaba Suite granite. Hydrothermal activity produced epithermal clays, haematite alteration, brecciated silicified volcanics and gold, silver, uranium, and thorium anomalism.

Future Work

Future exploration will be determined by agreement with the contributing joint venture partner.

Yarlbrinda Project – EL 3217, Nuckulla Hill

Location

The tenement covers an area of 372 square kilometres, located 90 to 140 kilometres south-southeast of Tarcoola and 470 kilometres northwest of Adelaide (Nuckulla Hill, Figure 1).

Geology

Yarlbrinda is on the western margin of the Gawler Range Volcanics Domain and adjacent to the Yarlbrinda Shear Zone, a major north-trending structure, within which are the Tunkillia gold deposits and numerous gold prospects; multiple Hiltaba Suite granites intrude the basement. Regional airborne surveys show anomalous uranium response over some of the granite exposed within the tenement area.

Future Work

PIRSA is currently carrying out detailed gravity surveys in this region. When available, these data will be processed and assessed for gravity highs that might be related to IOCG uranium deposits. Drilling programmes will be determined after assessment of all data.

4.2.2 Mt Painter Style

In the Mt Painter area uranium occurs in haematitic and chloritic breccias. The Company interprets these deposits to be of Neoproterozoic age and to be a similar style to, but younger than, the Olympic Dam and Prominent Hill deposits.

The Company's tenements in this area cover large areas of similar age and geological environment to Mt Painter.

The Mt McCallum, Mt Roebuck and Mt Morris areas cover portions of gravity highs, close to Mt Painter. Mt Roebuck and Mt Morris areas also include uranium radiometric highs detected by airborne surveys.

Mt McCallum Project – EL 3349

Mt McCallum project occupies an area of 60 square kilometres and is approximately 25 kilometres south of Mt Painter and 490 kilometres north of Adelaide (Figure 1).

Significant increases in uranium radioactivity around the Tapley Hill Formation-diamictite boundary indicate mineralization may be present, particularly as the area is close to the Mt Painter uranium province. The coincident gravity highs, therefore, become clear targets and will be explored for haematitic-chloritic uranium mineralization. Detailed gravity surveys will be carried out and results modelled. Any anomalous highs within economic parameters would then be drilled.

Mt Morris Project – ELA 2005/91

Mt Morris project occupies an area of 157 square kilometres and is approximately 80 kilometres south of Mt Painter and 470 kilometres north of Adelaide (Figure 1).

Exploration will target known airborne uranium radiometric anomalies for their sources and gravity highs for haematitic-chloritic uranium mineralization. Ground scintillometer traverses and shallow sampling will be carried out to determine the source of the radiometric anomalies. Detailed gravity surveys will be made over the tenement and results modelled. Any geophysical targets identified within economic parameters would then be drilled.

Mt Roebuck Project – ELA 2005/90

Mt Roebuck project occupies an area of 575 square kilometres and is approximately 60 kilometres south of Mt Painter and 450 kilometres north of Adelaide (Figure 1).

Ground scintillometer traverses and shallow sampling will be carried out to identify the source of known airborne uranium radiometric anomalies. The prospective Tapley Hill Formation rocks, which are exposed in part of the area, will be explored for haematitic-chloritic uranium mineralization. Detailed gravity surveys will be carried out and results modelled. Any encouraging targets would then be drilled.

4.3 Projects, Tenements and budgets as at 1 June 2005

PROJECT	TENEMENTS	STATE	ANNUAL COMMITMENT	PROPOSED Yr1 EXPENDITURE	PROPOSED Yr2 EXPENDITURE	PROPOSED ACTIVITIES
Garford	EL 3080	SA	\$80,000	\$125,000	\$125,000	Geotechnical, access and drilling operations
Indooroopilly	EL 3097	SA	\$80,000	\$125,000	\$125,000	Geotechnical, access and drilling operations
Half-Moon Lake	EL 3308	SA	\$80,000	\$125,000	\$125,000	Geotechnical, access and drilling operations
Nuckulla Hill	EL 3217	SA	\$65,000	\$35,000	\$32,000	Geotechnical, access and drilling operations
Peterlumbo Hill	EL 3158	SA	\$65,000	\$45,000	\$38,000	Geotechnical, access and drilling operations

5. Risks of Investing

5.1 Introduction

The Shares offered under this Prospectus should be considered speculative because of the nature of the business activities of the Company. While the Directors commend the Offer, potential investors should consider whether the Shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. This list is not exhaustive and potential investors should read this Prospectus in its entirety and, if in any doubt, consult their professional adviser before deciding whether to participate in the Offer.

5.2 General Risks

5.2.1 Share Market

Share market conditions may affect listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) movements in, or outlook on, interest rates and inflation rates;
- (c) currency fluctuations;
- (d) commodity prices;
- (e) changes in investor sentiment towards particular market sectors; and
- (f) the demand for, and supply of, capital.

Investors should recognise that once the Shares are listed on ASX, the price of the Shares may fall as well as rise. Many factors will affect the price of the Shares including local and international stock markets, movements in commodity prices, interest rates, economic conditions and investor sentiment generally.

5.2.2 Economic Factors

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. The Company's future possible revenues and Share price can be affected by these factors which are beyond the control of the Company and its Directors.

5.2.3 Government

Changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and the returns to investors. In particular government policies and regulations vary in different states and with different governing parties in relation to uranium exploration, mining and marketing.

The Company's activities will require compliance with various laws, both State and Commonwealth, relating to the protection of the environment, Aboriginal culture and heritage and native title, the protection of workers and the public against the dangers of radiation and the export of uranium. Changes in government, government policies and legislation could have a material adverse affect on the Company. The Australian Labor Party's "National Platform and Constitution 2004" includes (in Chapter 12 thereof) the following:

- "In relation to mining and milling [of uranium] Labor will... prevent, on return to Government, the development of any new uranium mines..." (paragraph 68).
- "In relation to exports, Labor will...allow the export of uranium only from those mines existing on Labor's return to government..." (paragraph 69).

5.2.4 Exploration Licences

The renewal of tenements upon expiry of their current term and the granting of applications for exploration licences is subject to Ministerial approval. Non-approval or a delay in the approval process could have a negative impact on exploration conducted by Hindmarsh as well as the Share Price of Hindmarsh.

5.2.5 Commodity Prices

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest. Specifically, changes in the price of uranium may have an effect on the Company.

5.2.6 Exploration & Development

A significant risk for the Company is that the proposed exploration programs will not result in exploration success. Mineral exploration by its nature is a high-risk endeavour and consequently there can be no assurance that exploration of the project areas described in this Prospectus, or any other projects that may be acquired in the future, will result in discovery of an economic mineral deposit. Should a discovery be made, there is no guarantee that it will be commercially viable. While the Directors will make every effort to reduce these risks, through their experience in the exploration and mining industry, the fact remains that a commercially viable mineral discovery is very much the exception rather than the rule and success can never be guaranteed.

Mineral exploration, project development and mining by their nature contain elements of significant risk. The success of these activities is dependent on many factors including:

- (a) the discovery and/or acquisition of economically recoverable ore reserves;
- (b) successful conclusions to bankable feasibility studies;
- (c) access to adequate capital for project development;
- (d) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (e) securing and maintaining title to tenements;
- (f) obtaining consents and approvals necessary for the conduct of exploration and mining;
- (g) access to competent operational management and prudent financial administration;
- (h) availability and reliability of appropriately skilled and experienced employees; and
- (i) other risks detailed in this section.

Adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from development of the Tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

5.2.7 Native Title Risk

The Directors are aware of a number of Native Title claims which wholly or partially cover the Company's exploration project areas. Those claims may impact upon planning and implementation of future exploration programmes. Agreements have been reached with the claimants for the conduct by the Company, or its co-venturers, of exploration activities in respect of certain tenement areas. The potential also exists for further Native Title claims to be lodged over any existing or future tenement area. Native Title claims have the potential to cause significant delays to exploration. As the Directors are not presently in a position to assess in detail the impact of Native Title on the Company's planned operations, they consider the potential for Native Title claims to be lodged over the areas containing exploration projects to be a risk to investment. For further information on Native Title generally and, the Native Title claims in areas of interest to the Company, investors are referred to the Native Title and related sections in the Solicitors' Report appearing in Section 9 of this Prospectus.

5.2.8 Aboriginal Significant Sites

Commonwealth and State Legislation obliges the Company to identify and protect sites of significance to Aboriginal custom and tradition. Further details of this legislation are set out in the Solicitors' Report in Section 9 of this Prospectus. Some sites of significance may be identified within the Tenements. It is therefore possible that one or more sites of significance will exist in an area which the Company considers to be prospective. The Company's policy is to carry out clearance surveys prior to conducting exploration which would cause a disturbance to the land surface.

5.2.9 Environmental Risks

The minerals and mining industries have become subject to increasing environmental responsibility and liability. The potential for liability is an ever-present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation.

Exploration work will be carried out in a way that causes minimum impact on the environment. Consistent with this, it may be necessary in some cases to undertake baseline environmental studies prior to certain exploration or mining activities, so that environmental impact can be monitored, and as far as possible, minimised. While the Company is not aware of any endangered species of fauna and flora within any of its project areas, no baseline environmental studies have been undertaken to date, and discovery of such could prevent further work in certain areas.

The approval processes for uranium mining are more rigorous than conventional mines, with both Commonwealth and State Government legislation to satisfy. The failure to obtain or delays in obtaining the necessary approvals are a risk. The occupational health and safety issues and environmental protection issues are vitally important in uranium mines.

5.2.10 No Valuation

No formal valuation has been completed of the exploration projects or the Shares of the Company. The Company makes no representation as to the value of the exploration assets. It is recommended that intending investors and their advisors should make their own assessment as to the value of the exploration projects.

5.2.11 No Operating History

The Company has not operated, other than to hold cash, and thus has no operating history to provide a guide to investors and shareholders.

5.3 Further Risks Specific to the Company

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

- (a) geological conditions;
- (b) alterations to programmes and budgets;
- (c) unanticipated operational and technical difficulties encountered in seismic survey, drilling and production activities;
- (d) mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (e) unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;
- (f) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- (g) prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programs pursuant to access agreements entered into with Native Title claimants);
- (h) uninsured losses and liabilities.



6. Independent Geologist's Report

ABN 36 140 574 941

3 June 2005

The Directors
Hindmarsh Resources Ltd
Ground Floor
60 Hindmarsh Square
Adelaide SA 5000

Gentlemen,

INDEPENDENT CONSULTING GEOLOGIST'S REPORT

Hindmarsh Resources Ltd ("Hindmarsh") commissioned David Tonkin & Associates to prepare an Independent Geologist's Report on eighteen exploration properties located in South Australia. This report is to be included in a Prospectus, to be lodged with the Australian Securities and Investments Commission (ASIC) on or about 3 June 2005, offering for subscription 2,000,000 fully paid ordinary shares, at an issue price of 28 cents per share, to raise \$560,000. The funds raised will contribute to exploration and evaluation of the mineral properties. David Tonkin & Associates have provided written consent for the inclusion of the Independent Geologist's Report and to all statements referring to that Report in Section 6 of this Prospectus, in the form and context in which the Report appears, and have not withdrawn consent before lodgement of this Prospectus with ASIC.

The sources used in preparing this Report included information provided to me (David Tonkin) by Hindmarsh, open file technical reports submitted to the Government by previous exploration licence holders, technical reports and data made available by Government agencies, and other relevant published and unpublished information, as well as my professional knowledge of and experience in the regions covered by the Prospectus. A listing of selected published references is included in the Report. I have worked extensively on the Gawler Craton and Curnamona Craton areas and based on this knowledge made no field inspections during preparation of this Report.

The eighteen properties described in this Report are understood to comprise five Exploration Licences subject to joint venture, together with two Exploration Licences and eleven Exploration Licence Applications held by Hindmarsh, covering a total area of approximately 9,600 square kilometres. It should be noted that I have not considered matters concerning valuation of the mineral properties, the status of the tenements, the terms of any joint ventures and possible government or land ownership impacts in this report, and these matters are addressed in another place in the Prospectus. The Solicitor's Report, elsewhere in the Prospectus, provides a list of all mineral properties and associated tenement details.

The mineral properties secured by Hindmarsh are considered to be "exploration projects", which are inherently of a speculative nature. Nevertheless, it is evident that Hindmarsh has acquired the mineral properties on the basis of sound geological concepts and technical merit. Moreover, the principals of Hindmarsh are technically well qualified to oversee the implementation of the proposed exploration programmes and to keep abreast of new developments and opportunities as they arise. Each property is considered to be prospective to varying degrees for the discovery of uranium or base and precious metals and further exploration is justified. In my opinion, Hindmarsh has developed satisfactory and well-defined exploration programmes and budgets that are consistent with the exploration targets indicated. Hindmarsh's budget is considered reasonable and sufficient to meet the anticipated combined annual statutory expenditure requirements for the exploration tenements.

I, consulting geologist David Tonkin, prepared this report. I have worked for the past twenty years as an independent consultant, providing professional services to clients including major international resource companies and the South Australian Department of Primary Industries and Resources. Much of this consulting work involved base metals and/or gold exploration in the Gawler Craton, Curnamona Craton and Stuart Shelf regions of South Australia. This followed twenty years previous experience with a major Australian resource company, during which time I developed geological models and directed exploration programs that lead to the discovery of concealed copper-cobalt-silver ore bodies and other resources at Mount Gunson, on the Stuart Shelf. I am an author of several research papers on the geology, geochemistry and mineral deposits of the Stuart Shelf region. I therefore have expert knowledge of the geological terrains covered by this prospectus.

I am a Member of the Australian Institute of Geoscientists (AIG), a Member of the Geological Society of Australia (GSA) and as detailed above have appropriate qualifications, experience and competence to be considered as an "Expert" and a "Competent Person" under the relevant codes. This Independent Geologist's Report has been prepared in accordance with the Code for Technical Assessment and /or Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for Independent Expert Reports (The VALMIN Code, December 2002), which is binding on Members of the AIG.

I have no material interest in current mineral tenements held by Hindmarsh or any other conflicts of interest in preparing this report. My relationship with Hindmarsh is solely that of a professional association between consultant and client. The sole benefit to me is cash remuneration paid at agreed daily rates plus any expenses. Payment of these fees is in no way contingent on the opinions expressed in this Report.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'D.G. Tonkin', written in a cursive style.

DG Tonkin
B Sc, M AIG, M GSA



Executive Summary

Hindmarsh Resources Limited (Hindmarsh) holds a portfolio of eighteen properties in South Australia (Figure 1). These have potential for the discovery of uranium deposits representing two distinct styles.

Properties on the edge of the Eucla Basin in the west of the state and on the edge of the Murray Basin in the east of the state are prospective for sedimentary roll-front style uranium deposits in palaeochannels of Tertiary age. These properties cover geological environments very similar to those of the Beverley and Honeymoon uranium deposits, which lie in Tertiary palaeochannels on the edge of the Frome Embayment.

The other properties have potential for uranium deposits of hydrothermal origin, associated with Proterozoic age haematitic breccias. This group of properties is divided between two regions. On the Gawler Craton, Hindmarsh holds joint venture agreements on two properties lying on the margin of the Gawler Range Volcanics Domain, in a similar geological setting to that of the giant Olympic Dam copper-gold-uranium-rare earth deposit, where mineralisation is hosted by haematitic breccias of Mesoproterozoic age. Both properties have geophysical targets that may represent iron-oxide-rich bodies and are therefore considered prospective for haematite-breccia-hosted copper-gold-(uranium) deposits, such as those found at Olympic Dam and Prominent Hill.

In the Mount Painter district in the northern Flinders Ranges, Hindmarsh holds properties with potential for hydrothermal uranium deposits interpreted by Hindmarsh as being of Neoproterozoic age. However, the age of the haematitic breccias is equivocal and they might be of any age ranging from Neoproterozoic up to Permo-Carboniferous. At Mount Painter, hydrothermal uranium is found in haematitic and chloritic breccias within mostly granitic breccias, which overlie and intrude Mesoproterozoic basement. Although apparently very similar to haematitic breccias at Olympic Dam and Prominent Hill, the Mount Painter uraniferous breccias are clearly younger. Hindmarsh's targets in these properties are principally gravity-high anomalies, which possibly represent dense, haematite-rich, uranium-mineralised bodies.

1. SEDIMENTARY URANIUM

1.1 Eucla Basin Projects

Introduction

Hindmarsh Resources holds one Exploration Licence (EL) and four Exploration Licences Applications (ELAs) on the eastern edge of the Tertiary Eucla Basin (Figure 2). These comprise EL 3348 (Wynbring), ELA 2004/904 (Mount Christie Siding), ELA 2004/916 (Samphire), ELA 2005/96 (Tallaringa South) and ELA 2005/199 (Tallaringa North). In addition, through agreements with Southern Gold Limited (Southern Gold), Hindmarsh has the right to earn up to 80% interest (in respect of uranium only) in each of the three Exploration Licences comprising Southern Gold's Challenger West project. These are EL 3080 (Garford), EL 3097 (Indooroopilly Outstation) and EL 3308 (Half-Moon Lake). These eight tenements cover a combined area of 4,709 square kilometres. Their locations are shown on Figures 1 & 2. For details regarding ownership of the tenements please refer to the Solicitor's Report (Section 11), in this prospectus.

Geological Setting

The tenements lie on the northwest Gawler Craton of South Australia, approximately 750 km northwest of Adelaide. The crystalline basement of the area comprises weathered Archaean and Proterozoic granites and metamorphic rocks, intruded in places by Mesoproterozoic Hiltaba Suite granites. Into this basement are incised Tertiary palaeochannels, representing a preserved system of ancient, buried river channels. In the western section of the region, these palaeochannels flow into the Tertiary Eucla Basin (Figure 2). A veneer of Quaternary aeolian sands blankets the area.

Previous Uranium Exploration

Mineral exploration in the project area dates from 1968, since when many companies have explored for nickel, base metals, gold, uranium, lignite coal, diamonds, heavy mineral sands or platinum. The earliest recorded uranium exploration in the Eucla Basin project area began in 1972. In the decade up to 1983, when the Commonwealth government introduced the three mines uranium policy, several companies investigated the Tertiary palaeodrainage system of the region, searching for palaeochannel-hosted roll-front uranium deposits.

CRA Exploration Pty Ltd (CRAE) explored for sedimentary uranium in the Lake Anthony and Lake Bring areas from 1972 to 1973, following up high-order radiometric anomalies over the playa lakes. The company undertook low-level airborne and ground scintillometer surveys, followed by auger drilling of anomalies. CRAE discovered concentrations of uranium up to 643 ppm, most of which were found in Eocene lignites within lake sediments. Uranium was separated from its daughter products, which means that the radiometric anomalies found were not necessarily coincident with uranium deposits. The uranium appears to have been originally leached from dispersed sources in nearby basement outcrop.

Between 1973 and 1982, Nissho-Iwai (Aust.) Pty Ltd (Nissho-Iwai) and PNC Exploration (Aust.) Pty Ltd (PNC) discovered a buried palaeochannel system containing uranium in carbonaceous sediments, now named the Warrior Palaeochannel. The companies drilled 514 percussion holes and 29 cored holes, which defined widespread uranium mineralisation in lignitic Eocene sediments, at a depth of about 30 metres. The maximum grade was 2,000 ppm U_3O_8 . The joint venturers reported a 1.5 m thick resource estimated at 4,000 tonnes @ 0.035% U_3O_8 .

Uranerz (Aust.) Pty Ltd (Uranerz) investigated the Durkin area from 1974 to 1975. After undertaking refraction seismic and gravity geophysical surveys, Uranerz concluded that the sediments lacked the characteristics to encourage further exploration.

In 1977, Nobelex NL (Nobelex) investigated the lower reaches of the Garford Palaeochannel, following up airborne radiometric anomalies and some shallow drilling by Department of Mines. Nobelex made ground magnetometer and radiometric surveys over four anomalous lakes and undertook ground reconnaissance and grid sampling of these and nearby lakes. Nobelex followed by drilling two diamond core holes into selected magnetic anomalies under Lake Islam. These holes intersected magnetite-bearing basement at shallow depth. The cores exhibited only weak radioactivity. Nobelex concluded that the surface radioactivity found in the playa lakes is due to weathering of radioactive minerals from the adjacent basement rocks.

BP Mining Development Australia Pty Ltd (BP) explored for sedimentary uranium in the Garford and other palaeochannels in the Lake Anthony and Wilkinson Lakes areas from 1978 to 1981. Radiometric surveys and drilling of 121-hole percussion and 50-hole RC programs outlined a channel system containing weak uranium mineralisation. BP also found anomalous concentrations of uranium in groundwaters. However, BP failed to identify significant uranium mineralisation or suitable sedimentary environments and subsequently switched to assessing the base metal potential of the area.

PNC undertook further sedimentary uranium exploration in the Wynbring Palaeochannel, from 1979 to 1983. A program of 83 drill holes revealed that the channel is from 1.4 km to 3 km wide and up to 74 m deep. It contains coarse through to fine sands, which are partly lignitic, as well as silts and mudstones. PNC discovered significant radiometric anomalies at less than 20 m depth, near the top of a carbonaceous sequence and coincident with the present day water table. PNC suggested that the oxidised channel sands indicate there is potential for the discovery of roll-front uranium mineralisation.

Afmeco Pty Ltd (Afmeco) investigated the Mulgathing area for uranium and base metals from 1980 to 1983. Ground-based follow-up of radiometric anomalies, including 20 holes of aircore and diamond core drilling, detected a significant, but restricted thorium anomaly in sediments near West Well. However, investigation of the underlying weathered basement rocks did not reveal a nearby primary source for the rare earth (thorium) mineralisation in the sediments.

From 1981 to 1982, Southern Cross Exploration NL explored the northern part of the Eucla Basin Project area primarily for coal in the Wallira Trough. Two drillholes in the Tallaringa area encountered basement at shallow depth. Drill samples were assayed for gold and uranium and with a scintillometer, without disclosing anomalous values.

Uranium Exploration Potential

A joint project, completed in 2001 by Primary Industries and Resources South Australia (PIRSA) and the University of Adelaide, highlighted the uranium potential of the Tertiary palaeochannels flowing into the Eucla Basin. The study identified favourable channel sediments for the precipitation of uranium from groundwaters. Another result of the study is that the palaeochannels are now better defined than they were during the earlier exploration period. This means that future work can be focussed more effectively, by directly targeting favourable sites within the buried channels.

Work by the Geological Survey of South Australia over the past decade also identified the occurrence and distribution of "hot" uranium-bearing Mesoproterozoic granites on the Gawler Craton. This will enable the definition of sedimentary uranium targets that are close to uranium-bearing potential source rocks.

Concentrations of sedimentary uranium are known to be present in the region. Nissho-Iwai and PNC investigated the Warrior uranium prospect several kilometres east of the Wynbring tenement between 1973 and 1982. They discovered widespread uranium mineralisation in lignitic Eocene channel sediments, with grades up to 2,000 ppm U_3O_8 . A reported resource of about 4,000 tonnes @ 0.034% U_3O_8 was indicated. PNC also noted the presence of oxidised channel sands at Wynbring in 1979-83, suggesting the possibility for roll-front uranium mineralisation. CRAE intersected up to 0.064% U_3O_8 in the lower reaches of the Anthony channel in 1972-73.

Known and interpreted Tertiary palaeochannels cross the Hindmarsh Resources tenements (Figure 2). Sections of the Garford and Anthony Palaeochannels also flow through Southern Gold's Challenger West areas (Els 3080, 3097 and 3308). The Anthony channel continues on into the Samphire area (ELA 2004/916). The Wynbring channel passes through the Wynbring tenement (EL 3348). Other palaeochannels and tributaries not shown on Figure 2 were also reported.

There may also be potential for sedimentary uranium mineralisation in the Yarlbirinda (Nuckulla Hill) project area, which is primarily a hydrothermal uranium target (see later in this report). The upper reaches of the Narlabry Palaeochannel, which contains known deposits of sedimentary uranium, flow through the Yarlbirinda area, where it appears to be unexplored. Other channels or tributaries draining exposed Hiltaba Granite source rocks may also cross the tenement.

Proposed Exploration Program

Hindmarsh proposes to drill-test the full length and breadth of the Garford and Anthony palaeochannel systems for uranium mineralisation. At Wynbring (EL 3348), Hindmarsh's interpretation of previous drilling has revealed that prospective palaeochannels may be present to the east of the known Wynbring channel (Figure 4), either as tributaries or as separate channels. Aircore drilling will be carried out to define the channels, followed by infill drilling along newly defined channels.

1.2 Murray Basin Project

Introduction

Hindmarsh holds one ELA on the northern margin of the Tertiary Murray Basin, ELA 2005/85 (Cronje Dam). Anomalous concentrations of uranium (up to 0.1% U_3O_8) are known in carbonaceous sediments near the northern basin margin. Tertiary palaeochannels draining from the basement were therefore a focus for sedimentary uranium exploration in the 1970s. The tenement covers an area of 1,000 square kilometres, which is divided into three separate sections (Figure 1). Cronje Dam project lies approximately 250 km northeast of Adelaide. For details regarding ownership of the tenement please refer to the Solicitor's Report, elsewhere in this prospectus.

Geological Setting

The project area lies on the northern edge of the Murray Basin, a large basin of mostly Tertiary sediments, extending into South Australia from western New South Wales and Victoria. The modern surface of the basin is largely covered by aeolian sand dunes. To the north, the basin laps onto Proterozoic basement rocks of the Curnamona Craton, where they form the Olary Ranges. These rocks are hosts to uranium deposits, such as those at the former Radium Hill Mine and at the Crocker Well group of prospects, and are therefore a potential source for younger uranium concentrations in Tertiary sediments to the south.

Previous Uranium Exploration

More than 30 companies have explored this region for a variety of mineral commodities since 1969. Target minerals included uranium, copper and base metals, molybdenum, diamonds, brown coal, gold and heavy mineral sands. Five companies carried out significant uranium exploration, during the period between 1969 and 1981.

Longreach Metals NL (Longreach) flew an airborne magnetic and radiometric survey over the eastern section of the tenement during their tenure between 1969 and 1973. That survey revealed 16 magnetic anomalies and two areas of radiometric anomaly. Follow-up work on the radiometric anomalies concentrated on Mutooroo prospect, immediately north of the current tenement. Radon gas determinations and gamma ray logging of four percussion drill holes detected very high radioactivity in one hole, but a subsequent diamond core hole did not find significant uranium mineralisation. Longreach flagged the Murray Basin Tertiary sediments south of the Anabama – Redan Fault as being prospective for sedimentary uranium deposits, because of the suitable sedimentary environment and the presence of exposed uranium-bearing source rocks in the adjacent Olary province to the north.

Mines Administration Pty Ltd and Teton Exploration Drilling Co Pty Ltd (Minad-Teton) explored a region surrounding the central and western sections of the current tenement for sedimentary uranium from 1969 until 1980, making airborne radiometric surveys and drilling more than 50 rotary holes. Some indications of relict uranium mineralisation were found in the Postmark area, where the prospective Tertiary sediments are oxidised, which the joint venturers considered would lower the chance of locating economic uranium concentrations. Up to 1000 ppm U_3O_8 mineralisation was found in hole P5, hosted by lignitic sediments at the top of the Eocene Knight Group equivalent. At Bradys Dam, anomalous radioactivity was detected in three holes, which assaying showed to intersect only slight uranium mineralisation.

Sedimentary Uranium NL explored for sedimentary uranium in Tertiary sediments to the south of the eastern section of the tenement in 1970-71. They made an airborne radiometric survey and drilled 42 rotary holes, without detecting significant indications of uranium.

Tricentrol Australia Ltd (Tricentrol) explored an area enclosing the eastern section of the tenement, from 1973 to 1975. Tricentrol's target was sedimentary uranium adjacent to the northern margin of the Murray Basin, where palaeodrainage channels could have transported and concentrated uranium dissolved from weathering of primary mineralisation around Radium Hill. More than 100 rotary holes were drilled in the region, encountering anomalous radioactivity in sediments close to the Anabama Fault Zone. Tricentrol reported that the fault seems to have enhanced the deposition of favourable sedimentary facies for hosting uranium mineralisation. Lignitic shale and uraniferous clays in one hole assayed more than 140 ppm uranium. A suspected northwest trending palaeochannel was located and although geochemical conditions did not appear to favour accumulation of uranium, Tricentrol reported that further work was warranted. However, work did not continue because of low prices and an unfavourable political climate for uranium mining.

Marathon Petroleum Australia Ltd (Marathon) explored a region embracing the eastern and central sections of the tenement, following up earlier indications of low-grade uranium mineralisation detected by Tricentrol. Marathon drilled more than 130 rotary holes between 1979 and 1981, investigating Miocene sands adjacent to the Anabama – Redan Fault. Uranium mineralisation was found within a palaeochannel and in possible deltaic sediments south of Mutooroo, but was reported to be patchy and unpredictable. The best hole intersected 0.7 m @ 0.073% U_3O_8 , which occurred at a

depth of 102 m and was associated with pyritic clays adjacent to Miocene sands. Marathon concluded that "... results are still inconclusive and further evaluation will need to be done to determine the possibility for ... a sandstone type uranium deposit ... to be economically feasible".

Uranium Exploration Potential

Fluvial channel sands of the Renmark Group are considered prospective for roll-front uranium deposits in Tertiary channels. Palaeochannel facies sediments were identified in this region by past explorers (Figure 5), along with anomalous concentrations of uranium. A potential primary source for leached uranium in solution lies only 30 km north of the project area, at Radium Hill. Therefore the project area could host roll-front deposits such as those discovered to the north of the Olary Ranges, at Beverley and Honeymoon.

Proposed Exploration Program

Past explorers drilled approximately 250 holes within the Cronje Dam tenement area (Figure 5). As these holes are relatively widely spaced and were drilled before the widespread use of aircore drilling and modern borehole logging technology, they may not represent an adequate test of the uranium potential. Hindmarsh propose to compile and assess the data from this previous work, from which prospective targets would be identified. These targets would then be further investigated, where warranted, with aircore drilling programs.

2. HYDROTHERMAL URANIUM

2.1 Gawler Craton Projects

Introduction

Uranium mineralisation is found in Mesoproterozoic age haematitic and granitic breccias at Olympic Dam, where it occurs associated with copper and gold mineralisation in a class of deposit known as Iron Oxide Copper Gold (IOCG). The Gawler Craton, especially the rocks proximal to the base of the Gawler Range Volcanics and to intruding Hiltaba Suite granites, is considered prospective for further IOCG-uranium deposits, a belief borne out by the discovery of the Prominent Hill deposit in 2001. Hindmarsh has the right to earn up to 35% interest in each of two Southern Gold projects considered prospective for IOCG deposits. These are the Southern Gawler Arc project (EL 3158, Peterlumbo Hill, covering 583 square km) and the Yarlbirinda project (EL 3217, Nuckulla Hill, covering 372 square km). The locations of these projects are shown on Figure 1. For details regarding ownership of the tenements please refer to the Solicitor's report, elsewhere in this prospectus.

Geological Setting

The Southern Gawler Arc project lies on the southern margin of the Gawler Range Volcanics Domain. Basal units of the Gawler Range Volcanics overlie older Archaean and Proterozoic rocks, which are intruded by Mesoproterozoic Hiltaba Suite granites. A broad circular geophysical feature is believed to represent a Hiltaba Suite granite complex (Wilcherry Complex), responsible for gold and base metal mineralisation at nearby Menninnie Dam and Weednanna prospects (Figure 6). The principal target is the Victory Dam prospect, where an untested gravity anomaly coincident with the intersection of two major interpreted faults represents a possible IOCG deposit.

The Yarlbirinda project straddles the Yarlbirinda Shear Zone, a major north-south trending crustal feature, which marks the western margin of the Gawler Range Volcanics Domain and is the host structure for gold mineralisation at Tunkillia and Nuckulla Hill gold prospects. The shear zone was active at the time Hiltaba Suite and related granites were emplaced. These granites are comparable in age and chemistry to those associated with the Olympic Dam and Prominent Hill IOCG deposits.

Previous Uranium Exploration

Pancontinental Mining Ltd explored for unconformity vein style uranium deposits on the eastern end of the Southern Gawler Arc project area in 1978-79, but was discouraged by the absence of a Mesoproterozoic sandstone cover rock, which their geological model required.

Two companies conducted previous uranium exploration in the Yarlbirinda project area. In 1972-73, CRAE made an airborne radiometric survey that identified the Hiltaba Granite as having potential for primary uranium mineralisation and as a source for secondary deposits. Hiltaba Granite has about 1.5 times the uranium content and 3 times the thorium content of average granite. From 1979 to 1983, Carpentaria Exploration Company Pty Ltd (Carpentaria) explored for sedimentary uranium in Tertiary palaeochannels draining westwards from areas of outcropping Hiltaba Granite. Carpentaria discovered sub-economic uranium mineralisation in roll-front deposits in Eocene sands of the western section of the Narlaby Palaeochannel, 10 to 50 kilometres southwest of where that palaeochannel crosses the Yarlbirinda project area.

Uranium Exploration Potential

The geological setting for Southern Gawler Arc project appears to be a former sub-volcanic environment, with potential to host an IOCG-uranium deposit at depth. Base metal mineralisation at Menninnie Dam is associated with a volcanic vent and reflects a mineralised hydrothermal system with features typical of an IOCG deposit, such as Olympic Dam.

At Yarlbirinda project, Equinox Resources NL (Equinox), the licence holder prior to Southern Gold, identified a number of aeromagnetic anomalies that were potential IOCG targets, but did not complete testing of all targets. Four of the targets lie within the project area. One of these, Yathong prospect, has a coincident calcrete copper-gold anomaly and is an immediate IOCG exploration target.

Proposed Exploration Program

Southern Gold proposes to test the 6-milligal gravity anomaly at Victory prospect in the Southern Gawler Arc project with RC and diamond core drilling to a depth of 400 to 500 metres.

2.2 Mount Painter Region Projects

Introduction

Uranium mineralisation occurs in haematitic and chloritic breccias at Mount Painter, in the northern Flinders Ranges, and is interpreted by Hindmarsh to be of Sturtian (Neoproterozoic) age. That mineralisation is very similar in many respects to the older (Mesoproterozoic) haematitic breccia hosted copper-gold-uranium mineralisation at Olympic Dam. Hindmarsh holds three ELAs in the area south of Mount Painter. These are EL 3349 (Mount McCallum), ELA 2005/90 (Mount Roebuck) and ELA 2005/91 (Mount Morris). The tenements cover a combined area of 792 square kilometres, situated approximately 500 km north of Adelaide. The locations of these projects are shown on Figure 1. For details regarding ownership of the tenements please refer to the Solicitor's Report, elsewhere in this prospectus.

Geological Setting

The project area overlies folded Neoproterozoic (Adelaidean) and Cambrian strata in the northern Flinders Ranges. These rocks are wrapped around a core of older Palaeoproterozoic and Mesoproterozoic rocks, the Mount Painter Inlier. Bedrock exposure is generally good throughout the region.

At Mount Painter, hydrothermal uranium mineralisation is found in haematitic and chloritic breccias, hosted by granitic breccias and interpreted (by Hindmarsh) minor Sturtian sediments, which crop out nearby, at the base of the Neoproterozoic Heysen Supergroup. These breccias are similar to, but much younger than, those hosting the IOCG and uranium mineralisation at Olympic Dam. However, the age of the haematitic breccias at Mount Painter is equivocal. Some believe they were emplaced along with the enclosing, partly glacial sediments. Other research suggests they developed after the Cambro-Ordovician Delamerian Orogeny, possibly during the Late Ordovician or Silurian. Palaeomagnetic studies suggest the hydrothermal activity could have occurred as late as the Permo-Carboniferous period.

Previous Uranium Exploration

Previous explorers have been very active in this area since 1963. More than 90 prior leases covered or at least partly covered the current tenements. Commodities sought were copper and base metals, phosphate, uranium, barite, mercury, gold and precious metals, rare earth elements (REE) and diamonds. The only drilling was undertaken in the northeast corner of Roebuck, where the South Australian Department of Mines and Energy (SADME), BHP Company Ltd (BHP), Carpentaria and Kennecott Exploration (Australia) Pty Ltd drilled 36 holes in search of base metals, mostly in Cambrian rocks. Uranium exploration was a minor activity, largely limited to searches for sedimentary deposits in Tertiary sediments upstream from the Beverly deposit.

Mines Administration Pty Ltd (Minad) explored an area on the western edge of the Frome Embayment between 1970 and 1981 that covered the southern end of Roebuck, but work did not extend into the current tenement. Minad's leases also crossed the southeast corner of McCallum, but again work did not extend into the current tenement.

North Flinders Mines Ltd (North Flinders) explored an area crossing the north end of McCallum from 1972 to 1978. North Flinders' targets were base metals, gold, uranium and REE. After undertaking airborne magnetic and radiometric surveys, North Flinders completed IP surveys, geochemical surveys and RC and diamond drilling. Anomalous assays were returned by geochemical samples for copper, lead, zinc, REE, gold and silver.

BHP explored immediately east of Roebuck in 1993, targeting Olympic Dam style mineralisation associated with coincident regional gravity and aeromagnetic highs. A review of existing data indicated that potential targets were at depths exceeding 1,500 m.

Signature Resources NL explored for sedimentary uranium in a lease that covered the eastern part of Roebuck from 1997 to 2000. Interpretation of historical drilling and mapping data indicated that the area is underlain by shallow basement, and is therefore unlikely to host Tertiary sedimentary uranium deposits.

Uranium Exploration Potential

Uranium mineralisation in haematitic breccias at Mount Painter may have an age anywhere between Sturtian (lower Heysen Supergroup) and Carboniferous. Bedrock in the project tenements includes a package ranging in age between Sturtian and Cambrian and therefore could potentially host haematitic breccias of the Mount Painter style.

Hindmarsh's targets in the Mount Painter area projects are gravity and radiometric anomalies over outcropping Cambrian and Neoproterozoic rocks. The gravity highs may represent denser haematitic rocks at depth, whilst the radiometric anomalies may be more direct indicators of uranium mineralisation.

At Mt McCallum (EL 3349), an airborne survey in 1999 by the Australian Geological Survey Organisation (AGSO, now Geoscience Australia) detected radioactive anomalies along the contact between Tapley Hill Formation and underlying diamictites, which could suggest the presence of uranium mineralisation.

Proposed Exploration Program

At Mt McCallum (EL 3349), coincident gravity highs and radioactive anomalies will be targeted for uranium mineralisation in haematitic breccias, initially with detailed gravity surveys, followed by drilling where warranted.

At Mt Roebuck (ELA 2005/90) and Mt Morris (ELA 2005/91), radiometric anomalies from airborne surveys will be investigated with ground scintillometer traverses and shallow sampling, whilst gravity highs will be refined with detailed surveys. Where warranted, encouraging targets will be drill tested.

2.3 Other Projects

Hindmarsh also has current applications for four tenements in the Olary region, approximately 300 km northeast of Adelaide. However, unresolved overlapping applications in this area have delayed the exact determination of tenement boundaries to be granted, if any, and likely government expenditure commitments. This has so far prevented the formulation of exploration programs and budgets for these projects.

PRINCIPAL SOURCES OF INFORMATION

The sources of information drawn on for this report include published papers, unpublished open file reports made available by PIRSA, confidential company reports provided by Hindmarsh, and my own professional experience working in the regions covered by these projects. A selection of published references is listed below.

Selected Published References

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Idnurm, M., and Heinrich, C.A., 1993. A palaeomagnetic study of hydrothermal activity and uranium mineralisation at Mt Painter, *South Australia. Australian Journal of Earth Sciences*, 40 (1): 87-101.

Rogers, P.A., Fabris, A.J and Hou, B., 2003. Cainozoic basins. In: Heithersay, P.S., Drexel, J.F., Hibburt, J.E., and Thomas, C.A., (Eds), 2003. South Australian mineral explorers guide. Draft edn. *South Australia. Department of Primary Industries and Resources. Mineral Exploration Data Package, 11, ch. 13.*

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7. Glossary of Technical Terms and Abbreviations

Terms not included in the Glossary are used in accordance with their definitions in the Concise Oxford Dictionary

AC Aircore drilling

method of boring exploration drill holes which recovers core fragments

aeolian

deposits arranged by the wind

aeromagnetic survey

airborne survey systematically collecting readings of the earth's magnetic field

anomaly

a value higher than the norm or a feature different in character from the data in general

Archaean

a time period, older than 2500 million years

arcuate

formed in the shape of an arc

arenite

general term for sedimentary rocks, typically sandstone

axial plane (folds)

a plane that joins the hinge lines of successive beds in a fold

axis (fold)

line parallel to a fold hinge or crest

basal

an igneous rock having a low silica content

basement

term referring generally to Precambrian igneous and metamorphic rocks. Oldest rocks in an area

bedrock

solid rock underlying cover

breccia

rock consisting of angular fragments

Cainozoic

a time period, between 2 and 65 million years ago

Cambrian

a time period between 500 and 580 million years ago

clastic

consisting of fragments of rock

craton

a major structural unit of the Earth's crust

diamictites

poorly sorted, gravelly, muddy rocks

diamond drilling

rotary drilling using diamond impregnated bits to produce a core sample

diapiric

anticlinal structure where mobile rock has forced its way upwards

dip

the angle that rock strata make with horizontal surface measured at right angles to strike

EM

geophysical technique (Electro Magnetic) for measuring induced magnetic fields

en echelon

descriptive of a planar feature with overlapping repetitions

Eocene

a time period, about 80 million years ago

Exploration Licence (EL)

an area granted by the appropriate statutory authority in respect to mineral exploration

exposure

the part of a rock formation that is visible at surface

farm-in, farm-out

(descriptive of) a partnership in which an incoming (farm-in) partner earns an interest in a property by finding costs of exploration, while the other (farm-out) partner does not

fault

a line of fracturing due to movement in a rock sequence

ferruginous

contains a high iron content

fluorite

calcium fluoride, the principal ore of fluorine

fluvialite

produced by river action

fold

a bend in the rock strata

foliation

a planar arrangement of textural or structural features

gamma logging

geophysical technique of measuring gamma rays

geosyncline

a downwarp in the Earth's crust within which sedimentary and volcanic rocks accumulate; usually adjacent to cratons

geotectonic

pertaining to the form, arrangement and structure of the Earth's crust

glauconitic

a rock rich in glauconite – a green mineral closely related to mica

gneiss

a metamorphic rock with compositional banding

granite

coarse grained intrusive rock containing quartz and more alkali feldspar than plagioclase

greywacke

poorly sorted sandstone with quartz and feldspar in clay matrix

g/t

grams per tonne

heli-mag

magnetometer survey by helicopter

hydrothermal

of or pertaining to heated fluids which transport minerals in solution

indicator mineral

a mineral which occurs in close association with a target rock type, ore or mineralisation

IP

geophysical technique (Induced Polarisation) for measuring electrical induction in rocks

isoclinal

fold with parallel limbs

joint venture (JV)

(descriptive of) a partnership between two or more companies which have interests in exploring a particular mineral tenement

lignite

a brownish-black coal

lineament

a linear feature (topographic, magnetic, gravity) of regional extent that is believed to reflect the Earth's crustal structure

lithology (ies)

the physical character of a rock

lode

a mineral deposit consisting of veins, disseminations or pods

Ma

One million years

magnetic survey

systematic survey of readings of the earth's magnetic field

metallurgy

the science of treating ore and minerals and extracting metals from them

metasediment

a metamorphosed sediment

metasomatic

change involving introduction of material from an external source

micaceous

rock rich in mica

Miocene

a time period, about 30 million years ago

monazite

a mineral containing thorium and rare earths

mudstone

a fine grained sedimentary rock

ore

naturally occurring material from which minerals can be extracted at a profit

outcrop

the part of a rock formation that is in-situ at surface – may be covered

oxidised

the process by which minerals are altered by the action of water carrying oxygen

palaeochannel

an ancient channel

Palaeozoic

a time period, approximately 230 to 600 million years ago

paludal

pertaining to swamps

percussion drilling

form of drilling using hammering action

phyllite

a metamorphosed fine grained sediment

playa

beach or bank of river, shallow basin where water gathers

Pliocene

a time period, about 20 million years ago

plunge (fold)

angle between axis and a horizontal line lying in the same vertical plane

ppb(m)

parts per billion (million). 1 ppm equates to 1 g/t

Precambrian

time period more than 570 million years ago

Proterozoic

a time period, approximately 570 to 2400 million years ago

pyrite

a mineral consisting of iron and sulphur

quartz

a silica oxide mineral

quartzite

a metamorphosed arenite

Quaternary

a time period, approximately 0 to 2 million years ago

RAB

Rotary Air Blast, a form of drilling using rotating drill bit to break the rock and compressed air to recover cuttings

RC

Reverse Circulation, a form of percussion drilling where drill cuttings are recovered through drill rods, reducing contamination

radiometric

pertaining to measurements of radiogenic material

resistivity

electrical geophysical measurement

resource

in situ quantity of mineralised rock of known grade

S.P.

Self Potential – a geophysical measurement

sericite

a fine grained variety of mica

shale

a fine grained sedimentary rock

shear

a planar zone of reformed rock formed by shearing stress

siltstone

fine grained sedimentary rock

SIROTEM

method of electromagnetic survey where alternating magnetic fields are measured as an effect of artificially applying an electric current to the sub-surface

stratiform

occurring parallel to rock strata

stress

internal forces in a body caused by a reaction to an external force

strike

horizontal trend of a rock formation

sulphide

a mineral containing sulphur and metal

Tertiary

a time period 0 to 65 million years ago

tillites

gravely ice formed under ice

weathered

decomposed by action of external agencies

8. Independent Accountant's Report

3 June 2005

The Directors
Hindmarsh Resources Ltd
C/- Gryphon Partners
Ground Floor
60 Hindmarsh Square
ADELAIDE SA 5000

Dear Sirs

Independent Accountant's Report

Introduction

This report has been prepared at your request for inclusion in a prospectus to be issued by Hindmarsh Resources Ltd ("Hindmarsh" or "the Company") (ABN 29 106 444 857) dated on or about 3 June 2005 in relation to the application by the Company to be admitted to the official list of the Australian Stock Exchange Ltd. The prospectus invites investors to apply for a total of two million (2,000,000) ordinary shares at an issue price of \$0.28 per share, fully paid, to raise \$560,000.

Background

Hindmarsh is currently listed on the Stock Exchange of Newcastle Ltd.

At a general meeting of shareholders of the Company held on 22 April 2005 it was confirmed that Hindmarsh would acquire 100% of the issued capital of Gladstone Resources Limited ("Gladstone") for consideration of the issue by Hindmarsh of 4.4 million fully paid ordinary shares at a deemed issue price of \$0.25 per share to the Gladstone vendors. This equates to a value of \$1.1 million. The Gladstone vendors agreed to a voluntary escrow of the Hindmarsh shares issued to them for twelve months from the date of issue.

At the general meeting of the Company on 22 April 2005, it was approved that 200,000 shares be issued in lieu of payment of director's fees to each of three directors of the Company, these directors being Creagh O'Connor, Robert Greenslade and Simon O'Loughlin. The deemed issue price was \$0.25 per share.

Also on the 22 April 2005 the directors agreed to issue 100,000 shares, at deemed issue price of \$0.25 per share, to Peter Cox, company secretary, in lieu of his fees.

On 11 April 2005 the company announced that it had subscribed for a 4.9% shareholding in Southern Gold Limited ("Southern Gold") at a cost of \$385,000.

The Company has raised \$1,506,500 million in cash through the exercise of the 6.55 million \$0.23 Hindmarsh options.

Tel 618 7421 1400 | Fax 618 7421 1499

adelaide@pkf.com.au | www.pkf.com.au

PKF Corporate (SA) Pty Ltd | ABN 54 008 282 620 | ACN 008 282 620

Investment Advisers Licence No. 1332

Level 2 | 139 Frome Street | Adelaide | South Australia 5000

GPO Box 2505 | Adelaide | South Australia 5001

The PKF International Association is an association of legally independent firms

Scope

You have requested PKF Corporate (SA) Pty Ltd, as independent accountant, to report on the following:

- The statement of financial position as at 31 December 2004 and the results for the half year to 31 December 2004 which have been subject to review.
- The Pro Forma Statement of Financial Position at 31 December 2004 assuming completion of the financial transactions as set out in Appendix A to this report.

PKF, South Australian Partnership, are the auditors of Hindmarsh. They issued an unqualified audit report on the financial report of the Company as at 30 June 2004 and a review report as at 31 December 2004.

The directors of Hindmarsh are responsible for the financial information contained in Appendix A to this report. We have reviewed the financial information in Appendix A in accordance with Australian Auditing Standard AUS902, "Review of Financial Reports". Our review procedures included enquiries of directors, review of the application of accounting standards and policies, review of accounting records and other documentation and limited verification procedures.

These review procedures are lesser in scope than an audit examination conducted in accordance with Australian Auditing Standards. Accordingly the level of assurance given is less than that given in an audit and therefore we do not express an audit opinion.

Opinion

In our opinion, based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial information set out in Appendix A to this report does not present fairly;

- the Statement of Financial Position of the Company at 31 December 2004
- the Statement of Financial Performance of the Company for the half year ended 31 December 2004
- the Pro Forma Statement of Financial Performance of the Group at 31 December 2004 as it would appear assuming completion of the financial transactions as set out in Appendix A to this report.

Subsequent Events

To the best of our knowledge and belief, there have been no material items, transactions or events outside of the ordinary course of business of the Company, which are not otherwise disclosed in the prospectus, which require comments upon or adjustment to the information referred to in this report or which would cause such information to be misleading or deceptive.

Declarations

- PKF Corporate (SA) Pty Ltd does not have any interest in the outcome of the matters relating to the issuing of this prospectus other than in connection with the preparation of this report for which normal professional fees will be received.

- PKF Corporate (SA) Pty Ltd is a company controlled by the partners of PKF, Chartered Accountants and Business Advisers, a South Australian partnership. PKF Corporate (SA) Pty Ltd is licensed by ASIC for the purpose of undertaking independent accountant's reports.
- The person responsible for the preparation of this report is Peter Whelan, BEc, FCA who has been a partner in a chartered accounting firm for over 30 years, specialising in audit and corporate advice. He has the necessary experience to prepare the report. He is a director of PKF Corporate (SA) Pty Ltd and a partner of PKF South Australian Partnership.

Yours faithfully
PKF Corporate (SA) Pty Ltd



P J Whelan
Director
Email: peter_whelan@pkf.com.au

Proforma Consolidated Statement of Financial Position

	Half Year December 2004	Gladstone Resources Ltd 31 December 2004 Note 1	Adjustments Note 2	Consolidated Proforma 31 December 2004
	\$	\$	\$	\$
Current Assets				
Cash Assets	1,202,615	2,216	1,561,500	2,766,331
Other	2,930	-		2,930
Total Current Assets	<u>1,205,545</u>	<u>2,216</u>		<u>2,769,261</u>
Non Current Assets				
Investments	-	-	1,485,000 (1,100,000)	385,000
Exploration Tenements	-	1,096,610		1,096,610
Other	-	1,596		1,596
Total Non Current Assets	<u>-</u>	<u>1,098,206</u>		<u>1,483,206</u>
Total Assets	<u>1,205,545</u>	<u>1,100,422</u>		<u>4,252,467</u>
Current Liabilities				
Payables	10,433	422		10,855
Provisions	3,964	-		3,964
Total Current liabilities	<u>14,397</u>	<u>422</u>		<u>14,819</u>
Total Liabilities	<u>14,397</u>	<u>422</u>		<u>14,819</u>
Net Assets	<u>1,191,148</u>	<u>1,100,000</u>	<u>1,946,500</u>	<u>4,237,648</u>
Equity				
Contributed Equity	1,218,569	5,500	3,341,500 (120,000) (5,500)	4,440,069
Asset Revaluation Reserve	-	1,094,500	(1,094,500)	-
Accumulated Losses	(27,421)	-	(175,000)	(202,421)
Total Equity	<u>1,191,148</u>	<u>1,100,000</u>	<u>1,946,500</u>	<u>4,237,648</u>

Notes: Adjustments relating to Pro Forma Statement of Financial Position at 31 December 2004

- 1.1 Statement of Financial Position at 31 December 2004 of Gladstone adjusted for the revaluation of exploration tenements to fair value by the directors of Hindmarsh.
- 2.1 Acquisition of interest in Southern Gold for \$385,000 cash.
- 2.2 Exercise of options to raise \$1,506,500 million in cash.
- 2.3 Issue of a total of 700,000 shares at \$0.25 each being (\$175,000) in lieu of fees to three directors and the company secretary.
- 2.4 Issue of 2,000,000 ordinary shares at \$0.28 each to raise \$560,000
- 2.5 Estimated costs of equity raising \$120,000.
- 2.6 Issue of 4.4 million ordinary shares at \$0.25 per share to acquire the issued capital of Gladstone. On consolidation the value of this investment is eliminated against the Asset Revaluation Reserve and Contributed Equity of Gladstone.
- 2.7 The Financial Statements of Gladstone have not been subject to audit or review.
- 2.8 The financial report of Hindmarsh for the half year December 2004, which is attached, was subject to review by PKF, South Australian partnership, and has been lodged with Australian Securities and Investments Commission (ASIC). It was signed by Directors of Hindmarsh on 14 March 2005 and does not refer to transactions after that date.

Hindmarsh Resources Ltd
ABN 106 444 857

STATEMENT OF FINANCIAL PERFORMANCE
for the half-year ended 31 December 2004

		Half year 2004	Period to December 2003
	<u>Notes</u>	\$	\$
REVENUE FROM ORDINARY ACTIVITIES	2	29,618	-
Investment analysis expenses		(28,953)	-
Corporate office expenses	3	(13,234)	(46)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	4	(12,568)	(46)
Income tax expense		(3,964)	-
LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(16,532)	(46)
Equity transaction costs		-	-
TOTAL CHANGES IN EQUITY OTHER THAN OWNER- RELATED TRANSACTIONS		(16,532)	(46)
Basic earnings (loss) per share (cents)		(0.23)	(0.01)
Diluted earnings (loss) per share (cents)		(0.23)	(0.01)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2004

		31 December 2004	30 June 2004
	<u>Notes</u>	\$	\$
CURRENT ASSETS			
Cash assets		1,202,615	1,211,928
Other		2,930	2,504
TOTAL CURRENT ASSETS		1,205,545	1,214,432
TOTAL ASSETS		1,205,545	1,214,432
CURRENT LIABILITIES			
Payables		10,433	6,752
Provisions		3,964	
TOTAL CURRENT LIABILITIES		14,397	6,752
TOTAL LIABILITIES		14,397	6,752
NET ASSETS		1,191,148	1,207,680
EQUITY			
Contributed equity	5	1,218,569	1,218,569
Accumulated (Losses)	4	(27,421)	(10,889)
TOTAL EQUITY		1,191,148	1,207,680

**STATEMENT OF CASH FLOWS
for the half-year ended 31 December 2004**

	Half year 2004	Period to December 2003
<u>Notes</u>	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(38,931)	(46)
Interest received	29,618	-
Net cash (outflow) from operating activities	(9,313)	(46)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	-	50,010
Share issue expenses	-	(4,961)
Net cash inflow/(outflow) from financing activities	-	45,049
Net increase/(decrease) in cash held	(9,313)	45,003
CASH AT THE BEGINNING OF THE FINANCIAL PERIOD	1,211,928	-
CASH AT THE END OF THE FINANCIAL PERIOD	1,202,615	45,003

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the half-year ended 31 December 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2004 has been prepared in accordance with AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, and has been prepared on the basis of historical costs.

This interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by Hindmarsh Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Company was incorporated on 24 September 2003 and so the comparative periods are measured from that date.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the Company must comply with International Financial Reporting Standards ("IFRS") as issued by the Australian Accounting Standards Board.

The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the Company's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The key potential implications of conversion to IFRS on the Company are as follows:

All financial instruments including derivatives will be recognised in the statement of financial position and all derivatives will be carried at fair value.

Impairment of assets will be determined on a discounted basis, with strict tests for determining whether cash generating operations have been impaired.

Deferred tax assets and liabilities will generally be based on the differences between the accounting and tax basis of assets and liabilities under the "balance sheet" approach which may result in the recognition of more deferred tax assets and liabilities.

Equity based compensation in the form of shares and options will be recognized as expenses of the periods during which the employee provides related services.

Changes in accounting policies will be recognized by restating comparatives rather than making current year adjustments with note disclosures of prior period effects.

A detailed evaluation of the impact of IFRS on the Company's accounting policies and business information requirements has not been performed as at 31 December 2004, but is expected to occur by 30 June 2005. It is expected that the impact will be small.

	Notes	Half year 2004 \$	Period to December 2003 \$
2. REVENUE			
Ordinary activities			
Interest received		29,618	-
		<hr/> 29,618	<hr/> -

	Notes	Half year 2004 \$	Period to December 2003 \$
3. OTHER EXPENSES FROM ORDINARY ACTIVITIES			
Corporate office costs			
Audit fees		1,500	-
Listing and ASIC fees		6,075	-
Share registry and shareholder reports		4,684	-
Other expenses		975	46
		<u>13,234</u>	<u>46</u>
4. ACCUMULATED LOSSES			
Accumulated losses at the beginning of the period		10,889	-
Loss for the half year		16,532	46
Accumulated losses at the end of the period		<u>27,421</u>	<u>46</u>
5. CONTRIBUTED EQUITY			
(a) Share capital			
Fully paid ordinary shares		1,218,569	1,218,569
		<u>1,218,569</u>	<u>1,218,569</u>

There were 7,183,333 fully paid ordinary shares on issue at 30 June 2004 and at 31 December 2004.

(b) Options

There were 9,949,929 options outstanding at 30 June 2004 and at 31 December 2004. No options were granted or exercised between 31 December 2004 and the date of this report.

6. SEGMENT INFORMATION

The company operated solely in Australia and is currently seeking investment opportunities.

9. Solicitor's Report

3 June 2005

Hindmarsh Resources Ltd
c/- Gryphon Partners Pty Ltd
Ground Floor, 60 Hindmarsh Square
ADELAIDE SA 5000



Dear Sirs

Prospectus – Solicitor's Report

This Report is prepared for inclusion in a Prospectus to be dated on or about 3 June 2005 (“**Prospectus**”), and issued by Hindmarsh Resources Ltd (“**Hindmarsh**”) offering for subscription 2,000,000 ordinary shares at an offer price of \$0.28 cents each.

The Report relates to:

- (i) the registered and unregistered interests of Hindmarsh in respect of certain Exploration Licences (“**ELs**”) and Applications for Exploration Licences (“**ELAs**”) as set out in Schedule 1 to this Report (together the “**Tenements**”);
- (ii) the contracts relating to the Tenements which Hindmarsh has identified to us as being material contracts to which Hindmarsh is a party (“**Material Contracts**”), and which are summarised in Section 10.9 of this Prospectus; and
- (iii) any claims lodged with the National Native Title Tribunal (“**NNTT**”) relating to the land the subject of the Tenements.

Hindmarsh has, pursuant to the Share Purchase Agreement referred to in Section 10.9.2 of this Prospectus, acquired the whole of the issued capital of Gladstone Resources Ltd (“**Gladstone**”)

1. Tenements

We have conducted searches of the Tenements in the registers maintained by the Department of Primary Industries and Resources (SA) (“**Department**”) pursuant to the *Mining Act 1971* (SA).

As a result of these searches and our perusal of the Material Contracts, we consider that this Report provides an accurate statement as to the status of, and of Hindmarsh's interests in, the Tenements.

We have assumed the information in the registers maintained by the Department is accurate and up to date. The references in Schedule 1 to the areas of the Tenements are taken from details shown on the Department's registers. No survey was conducted to verify the accuracy of those areas.

In respect of the Tenements of which neither Hindmarsh nor Gladstone is the registered holder or applicant (as the case may be), Hindmarsh's interests are contractual rights to acquire an interest which depend upon the parties to each Material Contract complying with, and fulfilling the terms of the Material Contract and satisfaction of any conditions precedent contained therein.

2. Material Contracts

We have examined the Material Contracts described in Section 10.9 of this Prospectus. The Material Contracts appear to have been duly executed and have been, or are, in the course of being stamped and lodged in compliance with the relevant legislation. We have assumed the authenticity of all seals and signatures, and that all of the Material Contracts are within the capacity and powers of, and have been validly authorised, executed and delivered by and are binding on each of the parties to them, comprise the entire agreement of the parties to each of them with respect to their respective subject matters, and that each party to each of the Material Contracts had, and has full corporate power and lawful authority to observe and perform all of its obligations there under.

It is our opinion, based upon an examination of the Material Contracts, that the description of them does not contain any statement or matter that is false in a material particular or is materially misleading in the form and context in which it appears. Hindmarsh has not identified to us any other material contracts relating to the Tenements.

3. Native Title

3.1 Introduction

From enquiries we have made of NNTT and the Department, we are aware of certain native title claims which may impact on the Tenements. These are identified in Schedule 1.

It is possible that further claims may be made in the future. Where land is subject to native title, the *Mining Act 1971 (SA)* (“**Mining Act**”), and the *Native Title Act 1993 (Cth)* (“**NTA**”) impose restrictions upon the grant of mining tenements in relation to that land, including the requirement to negotiate with native title holders. As such, the existence and determination of native title in relation to the land the subject of the Tenements could inhibit exploration and mining operations, or cause significant delays in relation to future conversion of licences and applications for mining tenements over the subject land, or possibly challenge the validity of the grant of part or all of the rights conferred therein.

As a result of the 1998 amendments to the NTA (refer below), registered native title claims are required to undergo a revised registration test in order to become registered by the NNTT, thereby entitling claimants to certain procedural rights under the NTA, including the “right to negotiate”. In Schedule 1, we have listed where applicable, the outcome of the revised registration test to date as conducted in relation to the claims made against the Tenements.

We have not undertaken the considerable legal, historical, anthropological and ethnographic research, which would be necessary to form an opinion as to whether the existing or any future claims for native title would succeed and, if so, what the implications would be for Hindmarsh. We have assumed the information in the registers maintained by the Department and NNTT are accurate and up to date.

3.2 State and Commonwealth Legislation

In 1992 the decision of the High Court in *Mabo v Queensland* recognised the concept of Aboriginal native title to land where those rights survived the acquisition of sovereignty by non-indigenous people. The NTA was enacted in response to the *Mabo* case to regulate dealings with native title lands, and its substantive provisions commenced on 1 January 1994.

The NTA was substantially amended in 1998 in response to the 1996 High Court decision of *Wik v Queensland*. The *Wik* case recognised that the granting of a pastoral lease did not necessarily extinguish all native title rights, some of which could co-exist with rights held under a pastoral lease. Accordingly, the NTA (as amended) now provides a legislative scheme which sets out how native title is validly extinguished, allows “past acts” (including mining tenements and ancillary titles granted before 1 January 1994, which might otherwise be invalid due to the native title) and “intermediate period acts” which took place between 1 January 1994 and 23 December 1996 to be validated, authorises valid acts in relation to native

title lands occurring after the introduction of the NTA, provides for a negotiation process between government, native title and non-native title parties in relation to certain future uses of native title lands, and provides for compensation to be claimed for the extinguishment or impairment of native title. The NTA also allows the States, amongst other things, to make laws for the validation of past acts and intermediate period acts which are attributable to that State.

In 1996 the *Native Title (South Australia) Act 1994 (SA)* amended the *Mining Act* to provide an alternate and complementary State-based system which largely replaces the operation of the “right to negotiate” procedures under the NTA in South Australia. Part 9B of the *Mining Act* was introduced to establish specific provisions for land access and separate right to negotiate procedures for operations on native title lands in South Australia.

The *Native Title (South Australia) (Validation and Confirmation) Amendment Act 2000 (SA)* (“**SA Amending Act**”) came into operation on 22 January 2001 and provides for the validation of intermediate period acts attributable to the State of South Australia and extinguishes native title over land the subject of the majority of perpetual lease categories as granted on or before 23 December 1996 under the *Crown Lands Act 1929 (SA)*. Where native title claims may otherwise have applied to properties covered by the *SA Amending Act*, those properties will no longer be claimable.

It remains to be seen whether recent important native title decisions of the High Court and Federal Court will result in further legislative amendments.

3.3 *Validity of Titles*

In South Australia, tenements granted after 1 January 1994 are future acts under the NTA. In addition, where those tenements were granted after 17 June 1996 (ie. all of the Tenements) the provisions of Part 9B of the *Mining Act* must be followed in order to validate the operation of the tenements, instead of the NTA procedures.

Under Part 9B of the *Mining Act*, the grant of an EL confers no right to carry out mining operations, including prospecting, exploring or mining for minerals on native title land (being land in respect of which native title exists or might exist) unless the mining operations do not affect native title (ie. they are not wholly or partly inconsistent with the continued existence, enjoyment or exercise of rights deriving from native title), a declaration is made under the law of the State or the Commonwealth that the land is not subject to native title, an indigenous land use agreement (“**ILUA**”) is registered under the NTA or determination authorising the mining operations is made under Part 9B of the *Mining Act*.

An applicant for a mining tenement may apply to the Environment Resources and Development Court (“**ERD Court**”) for a declaration that the land is not subject to native title, and if the land is declared native title land an agreement may be negotiated with the native title holders authorising the mining operations.

Part 9B requires the holder of an exploration licence to negotiate an agreement authorising exploration activities on native title land with native title parties, whether such parties are the registered holders of native title or registered native title claimants. These negotiations are initiated by giving notice in accordance with Part 9B to native title parties, the ERD Court and the Minister, and must be pursued with registered parties within 2 months after giving notice. If agreement is not reached within 4 months from the commencement of negotiations, then any party may apply to the ERD Court for a determination, which must then be made by the ERD Court within 4 months of the application, unless there are special reasons why it cannot do so. A determination made by the ERD Court under Part 9B that mining operations may be conducted on native title land may be subject to such conditions as are determined.

We comment in relation to the tenement areas as follows. However, we have not undertaken the detailed underlying tenure investigations necessary to conclusively establish the existence of native title in relation to the Tenements and our comments are of a general nature only.

(a) *Gladstone Tenements*

Gladstone has applied for ten ELAs (two of which have recently been granted in May 2005) which may be outlined as follows:

- ELA 2004/916 is situated within the Maralinga Tjarutja lands such that the permission of the Maralinga Tjarutja is required before the rights conferred by any mining tenement (which includes an EL) may be exercised, pursuant to the *Maralinga Tjarutja Land Rights Act 1984 (SA)*.
- EL 3348 is situated on pastoral lease land and ELA 2004/904 comprises some pastoral lease land, together with an area within the Yellabinna Regional Reserve. Pastoral lease land admits the continued existence of native title rights and interests, to the extent that such native title rights and interests have continued to exist in accordance with Aboriginal traditional custom and are not inconsistent with the rights of the holder of the pastoral lease and any other extinguishing event. However, by virtue of the *SA Amending Act*, the grant of certain pastoral leases conferring exclusive possession, being a past or intermediate period act (as defined in paragraph 3.2 above) may also have extinguished native title rights over the relevant land.

EL 3348 and ELA 2004/904 fall within the scope of Claim No SC 95/7 (Antakirinja) which claim has been accepted for registration such that the claimants are entitled to the right to negotiate, and are also within the area of Claim No SC01/1 (Far West Coast) which claim is currently identified for registration testing.

- ELAs 2005/1, 2005/2, 2005/3, 2005/85 and 2005/91 and EL 3349 are also situated within pastoral lease land (we refer to our comments above in relation to pastoral lease land) and ELA 2005/90 is situated within the Nantawarrina Aboriginal Land. ELAs 2005/1, 2005/2, 2005/90 and 2005/91 and EL 3349 fall within the area of Claim No SC 99/1 (Adnyamathanha No 1), and ELA 2005/91 also falls within the area of Claim No SC 96/4 (Barngarla). These claims have been accepted for registration such that the claimants are entitled to the right to negotiate. ELAs 2005/3 and 2005/85 do not presently fall within the area of a native title claim.

(b) *Hindmarsh Tenements*

Hindmarsh has applied for three ELAs which may be outlined as follows:

- ELAs 2005/96, 2005/199 and 2005/204 are situated on pastoral lease land (we refer to our comments above in relation to pastoral lease land).

ELAs 2005/96 and 2005/199 fall within the scope of Claim No SC95/7 (Antakirinja), which claim has been accepted for registration, such that the claimants are entitled to the right to negotiate. ELA 2005/204 does not presently fall within the area of a native title claim.

The status of the above applications is summarised in paragraph 4.1 below.

(c) *Southern Gold Tenements*

- ELs 3080, 3097 and 3308 are located on pastoral lease land (we refer to our comments above in relation to pastoral lease land). These tenements fall within the area of Claim No SC 95/7 (Antakirinja), and a registered native title agreement dated 20 April 2004 has been entered into with the Antakirinja Native Title Claim Group in relation to ELs 3080 and 3097, pursuant to Part 9B of the Mining Act, authorising certain exploration

activities in relation to these tenements. EL 3308 has only recently been granted in February 2005.

- ELs 3158 and 3217 are also situated on pastoral lease land and fall within the area of Claim No SC 97/7 (Gawler Ranges). This claim has been accepted for registration such that the claimants are entitled to the right to negotiate. We are instructed that a native title agreement has not yet been negotiated in relation to these tenements.

In addition, we are instructed that in relation to the above tenements, “heritage” clearances for exploration are obtained as and when required (refer our comments in relation to heritage clearances under the *Aboriginal Heritage Act 1988 (SA)* in paragraph 5(b) below).

As noted above, however, we have not been instructed to undertake, and understand that Hindmarsh has not otherwise undertaken, the detailed underlying tenure investigations which would be necessary to confirm the effect of the *SA Amending Act* in relation to the Tenements.

4. Tenements – General Comments

4.1 Exploration Licences

Exploration Licences are issued subject to a standard schedule of general exclusions and conditions under the *Mining Act*. Under that Act, an EL may be issued for an initial term not exceeding 5 years, which term may be extended at the discretion of the responsible Minister but not so as to exceed 5 years in total, and may be issued over an area not exceeding 1,000 square kilometres (unless in the Minister’s opinion, a greater area is justified in the circumstances). An EL may be granted subject to such conditions as the Minister determines and upon renewal, the Minister may vary, revoke or add to the terms and conditions of the EL, and the area may be reduced. The holder of an EL must comply with minimum expenditure commitments under the Act. An EL may not be assigned, or otherwise dealt with either directly or indirectly, without the written consent of the Minister. The rental for an EL is \$4.30 per square kilometre per year.

An ELA which has been lodged under the *Mining Act* confers priority over the subject area until the Minister has decided whether or not to grant the licence applied for. The grant of an EL pursuant to an application is a matter of Ministerial discretion. An ELA is circulated to relevant departments for comment prior to a letter of offer being sent to the applicant. Once the offer is accepted and returned by the applicant the ELA is advertised, and a period of 28 days allowed from the advertising date for objections, prior to the grant of the EL.

(a) Gladstone is the applicant for:

- ELAs 2004/916 and 2004/904. The Department has confirmed that these ELAs were circulated in December 2004 and have not yet been advertised. ELA 2004/916 is situated in Maralinga Tjarutja lands – refer our comments in paragraph 3.3(a) above. The consent of the Maralinga Group will be required for the grant of this ELA. A letter of offer was sent to Gladstone in relation to ELA 2004/904 on 19 May 2005.
- ELAs 2005/85, 2005/91 and 2005/90. The Department has confirmed that these ELAs were circulated in February 2005 and have not yet been advertised.
- ELAs 2005/1, 2005/2 and 2005/3 were lodged on 5 January 2005 and have not yet been circulated.

(b) Hindmarsh is the applicant for:

- ELAs 2005/96, 2005/199 and ELA 2005/204. The Department has confirmed that these ELAs were circulated in April 2005 and have not yet been advertised.

4.2 Other Obligations

The *Mining Act* also imposes obligations upon the holder of a mining title (including an EL) in relation to entry to and use of land, notice requirements and compensation to the landholder. The tenement holder must give written notice to landholders of the relevant land (including native title holders), before entering the land for exploration or mining purposes, and access arrangements are to be entered into in accordance with the requirements of the Act. The holder of a mining title is also required to compensate every person having an interest in any land upon which mining operations are carried out in pursuance of the Act, and which includes persons holding native title in the relevant land. Compensation may be by agreement or else determined by the Court. Obligations are also imposed in relation to compliance with environmental, conservation and heritage obligations and rehabilitation requirements.

4.3 Uranium Legislation

- (a) Each of the ELs authorises the tenement holder to explore for all minerals except for extractive minerals (sand, gravel, stone etc) or precious stones (as defined) within the area of the EL.

The *Mining Act* defines “minerals” to include any naturally occurring deposit of metal or metalliferous ore, precious stones or any other mineral. Accordingly, a licence issued under the *Mining Act* for exploration or mining of minerals applies also to uranium, subject to, in the case of mining operations, the additional requirements set out below:

Section 10A provides as follows:

- (i) subject to section 10A, mining operations (other than exploratory operations) for the recovery of uranium are prohibited, unless the responsible Minister has endorsed upon the relevant mining lease or retention lease, an authorisation to carry out mining operations for that purpose.
 - (ii) an authorisation to carry out such mining operations for recovery of uranium may be granted upon such conditions as the Minister thinks fit, and may be ended upon breach of any condition.
 - (iii) this section does not prevent recovery of uranium in the course of mining operations carried out for the recovery of other minerals provided that the uranium is stockpiled in accordance with the conditions stipulated by the Minister or is of such low concentration that, in the Minister’s opinion, it may be (and is) safely discarded as waste.
 - (iv) the property in any uranium recovered in pursuance of (ii) or (iii) above does not pass from the Crown unless and until the Minister authorises the relevant party to sell and dispose of the uranium.
- (b) The general objective of the *Radiation Protection And Control Act 1982* (SA) is expressed to include the requirement that persons shall, in carrying on any activity related to uranium, endeavour to ensure that exposure of persons to radiation is kept as low as reasonably achievable, social and economic factors being taken into account. So far as principally concerns Hindmarsh, this Act provides that a person is prohibited from carrying out operations for the mining (which expression includes in situ leaching) of uranium unless the operations are authorised by a licence granted by the responsible Minister who must be satisfied that the proposed operations would comply with the regulations which relate to persons who are subject to radiation exposure and to the transport of uranium; the Minister may attach conditions to the licence.

- (c) The *Atomic Energy Act 1953* (Cth) provides that a person who discovers uranium must report the discovery to the responsible Minister. The Minister may require a person to furnish written statements or returns at the specified times and in respect of specified periods, containing particulars relating to (among other things) uranium in that person's possession or control.
- (d) For the purpose of the *Environment Protection And Biodiversity Conservation Act 1999* (Cth) a "nuclear action" includes mining or milling of uranium ore. This Act prohibits a person from taking a nuclear action that has, will have or is likely to have a significant impact on the environment unless the responsible Minister has approved the taking of such nuclear action; the approval must specify the period for which it has effect and set out the conditions attached to the approval.
- (e) Under the *Customs Act 1901*, via Regulation 9 of the *Customs (Prohibited Exports) Regulations 1958*, the export from Australia of uranium is prohibited unless the responsible Minister has granted permission in writing to do so; a permission granted may specify conditions or requirements to be complied with by the holder of the permission and may, in respect of any such condition or requirement, specify the time (being a time before or after the exportation of the uranium to which the permission relates) at or before which the condition or requirement shall be complied with by the holder. The grant of export permission is based on Australia's export policy which is administered to give effect to Australia's obligations as a signatory to the Nuclear non-Proliferation Treaty and is designed to ensure that exported uranium and its derivatives are used only for peaceful purposes and that there are safeguards in place to facilitate the maintenance and declaration of detailed accounting records of all movements and transactions involving nuclear material; this is achieved under the auspices of the International Atomic Energy Agency which was established by resolution of the United Nations.

5. Other Applicable Legislation

Other State and Commonwealth legislation applicable to Hindmarsh's operations on the Tenements includes:

- (a) The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) provides for the preservation of areas and objects which are of particular significance to Aboriginals in accordance with Aboriginal tradition, and may have the potential to halt exploration activities in the event that the Minister makes a declaration for protection and preservation of an area of Aboriginal significance under the Act.
- (b) The *Aboriginal Heritage Act 1988* (SA) similarly provides for the preservation of Aboriginal heritage in South Australia, by the identification of sites of significance to Aboriginal people on a register maintained pursuant to the Act. Hindmarsh must observe the provisions of the Act in relation to operations on the Tenements, including obligations to report to the Minister discovered Aboriginal sites, objects or remains.

In South Australia, Aboriginal Heritage Agreements are often entered into with relevant Aboriginal groups providing for clearance of land upon which exploration or mining activities are to be undertaken, as well as agreements under Part 9B of the *Mining Act*. Although such Aboriginal Heritage Agreements are not recognised under the *Aboriginal Heritage Act 1988* (SA) and do not relieve the company of its obligations under that Act, they are used as a means of minimising a company's risk of contravening the provisions of the Act.

- (c) The *Mining Act* includes obligations requiring tenements to be rehabilitated. In addition to the obligations imposed by the *Environment Protection and Biodiversity Conservation Act 1999* (Cth), the provisions of South Australian environmental protection legislation under the *Environment Protection Act 1993* (SA) will also apply to Hindmarsh's operations on the Tenements, together with (to the extent that

exploration activities are to be conducted in national park and flora and fauna reserve areas) the provisions of the *National Parks and Wildlife Act 1972 (SA)* which limits rights to explore and mine on such reserves.

6. Consent and Declarations

The partners of O'Loughlins and the staff involved in the preparation of this Report have no interest in or financial relationship with Hindmarsh other than Simon O'Loughlin, who is a director of Hindmarsh and who holds shares and options in Hindmarsh (refer Section 10.4(a) of the Prospectus). Other than a time based fee for the preparation of this Report, no pecuniary or other benefit, direct or indirect, has been received by O'Loughlins in connection with the making of this Report.

In providing this Report we have relied on (and have not sought to verify) the accuracy of information provided to us by the Department and the NNTT in response to our searches of their records and registers. In reliance upon this information, we believe this Report does not contain anything which is false in a material particular or which is materially misleading in the form and context in which it appears. We have not undertaken any additional searches of other government agencies or of courts or tribunals.

We have given, and have not, before the lodgement of the Prospectus of which this Report forms part, withdrawn our consent to the issue of the Prospectus with this Report in the form and context in which it is included.

Yours faithfully

A handwritten signature in dark ink that reads "O'Loughlins". The script is cursive and fluid, with the 'O' being a large loop and the 'Loughlins' part written in a more continuous, flowing style.

O'Loughlins Lawyers

SCHEDULE 1 – Tenements

Tenement	Name / Location	Status	Date Granted	Renewal Date	Area (sq km)	Registered Holder / Applicant	Annual Statutory Expenditure Commitments	Material Contracts	Native Title Claims	Notes
ELA 2004/916	Samphire	Application	N/A	N/A	527	Gladstone Resources Ltd (“Gladstone”)	N/A	-	-	1,2, 5
ELA 2004/904	Mt Christie Siding	Application	N/A	N/A	692	Gladstone	N/A	-	SC95/7, SC 01/1	1,3, 4, 5
EL 3348	Wynbring	Granted / Current	23/5/05	22/5/06	485	Gladstone	\$75,000	-	SC95/7, SC 01/1	4, 13
EL 3349	Mt McCallum	Granted / Current	23/5/05	22/5/06	60	Gladstone	\$35,000	-	SC 99/1	6, 7, 9
ELA 2005/85	Cronje Dam	Application	N/A	N/A	1000	Gladstone	N/A	-	-	5
ELA 2005/91	Mt Morris	Application	N/A	N/A	157	Gladstone	N/A	-	SC99/1, SC96/4	5, 9
ELA 2005/90	Mt Roebuck	Application	N/A	N/A	575	Gladstone	N/A	-	SC99/1	5, 9,10
EL 3080	Garford	Granted / Current	30/4/03	29/4/05	497	Challenger West Holdings Pty Ltd (“Challenger”) 80% / CMH Resources Pty Ltd (“CMH”) 20%	\$80,000	10.9.3	SC95/7	7, 11, 12, 13, 15, 18
EL 3097	Indooroopilly	Granted / Current	12/6/03	11/6/05	496	Challenger 80% / CMH 20%	\$80,000	10.9.3	SC95/7	8, 11, 12, 13, 18
EL 3308	Half-Moon Lake	Granted / Current	17/2/05	16/2/06	517	Southern Gold Ltd (“Southern Gold”)	\$80,000	10.9.3	SC95/7	13, 18
EL 3158	Peterlumbo Hill	Granted / Current	20/1/04	19/1/06	583	Gawler Arc Holdings Pty Ltd (“Gawler”)	\$85,000	10.9.4	SC97/7	14, 16, 19
EL 3217	Nuckulla Hill	Granted / Current	12/7/04	11/7/05	372	Southern Gold	\$65,000	10.9.4	SC97/7	8, 17, 19
ELA 2005/96	Tallaringa South	Application	N/A	N/A	990	Hindmarsh	N/A	10.9.5	SC95/7	1, 5, 20
ELA 2005/199	Tallaringa North	Application	N/A	N/A	505	Hindmarsh	N/A	10.9.5	SC95/7	1, 5, 20
ELA 2005/1	Nillinghoo	Application	N/A	N/A	698	Gladstone	N/A	-	SC99/1	5
ELA 2005/2	Waukaringa	Application	N/A	N/A	470	Gladstone	N/A	-	SC99/1	5
ELA 2005/3	Old Manunda	Application	N/A	N/A	153	Gladstone	N/A	-	-	5
ELA 2005/204	Manunda	Application	N/A	N/A	716	Hindmarsh	N/A	-	-	5

NOTES

1. Conditions to be imposed relating to exploration activity in the Woomera Prohibited Area.
2. Tenement within Maralinga Tjarutja Lands.
3. Conditions to be imposed in relation to access to and exploration activity within the Yellabinna Regional Reserve.
4. Condition imposed (or to be imposed) whereby, unless the Minister otherwise determines, if the expenditure requirements under the licence terms are not met, the area of the tenement must be reduced by at least 25% by the end of the current term.
5. Upon their grant, we are instructed that the anticipated minimum expenditure requirements for the following ELA's are:
 - ELA 2004/916 - \$80,000 pa
 - ELA 2004/904 - \$95,000 pa
 - ELA 2005/85 - \$125,000 pa
 - ELA 2005/91 - \$45,000 pa
 - ELA 2005/90 - \$85,000 pa
 - ELA 2005/96 - \$125,000 pa
 - ELA 2005/199 - \$80,000 pa
 - ELA 2005/1* - \$100,000 pa
 - ELA 2005/2* - \$75,000 pa
 - ELA 2005/3* - \$45,000 pa
 - ELA 2005/204* - \$100,000 pa

* we are instructed that the final areas (and expenditure requirements) for these ELAs will depend upon the outcome of as yet unresolved overlapping applications.
6. Conditions imposed in relation to access to and exploration activity within the Flinders Ranges Planning Area.
7. Conditions imposed relating to petroleum tenements, prohibiting activities which may significantly deleteriously affect the potential for coal seam methane drainage or in situ gasification of coal within any overlapping exploration licence under the *Petroleum Act 2000 (SA)* applied for prior to the date of this EL, without the agreement of the relevant licensee, unless otherwise agreed by the Minister.
8. Renewal decision pending.
9. The tenement falls within a Mining Production Tenement Regulation area for the purposes of the *Development Act 1993 (SA)*, such that any application for a mining lease will need to be referred to the relevant Minister for advice.
10. Tenement within Nantawarinna Aboriginal Land.
11. Challenger West Holdings Pty Ltd and CMH Resources Pty Ltd are wholly owned subsidiaries of Southern Gold Ltd.
12. Registered Native Title Agreement No 52 (Antakirinja) dated 20 April 2004.
13. Conditions imposed relating to exploration activity in the Woomera Prohibited Area.
14. Condition imposed whereby, unless the Minister otherwise determines, if the expenditure requirements under the licence terms are not met, the area of the tenement must be reduced by at least 50% by the end of the current term.
15. Renewal decision pending – application for renewal lodged 29 March 2005.
16. Gawler Arc Holdings Pty Ltd is a wholly owned subsidiary of Southern Gold Ltd.
17. Conditions imposed in relation to exploration activities within 100m of Lake Gairdner National Park.
18. Joint Venture Agreements (Uranium) (not yet registered) dated 26 April 2005 made between Hindmarsh and Southern Gold Ltd (or its wholly owned subsidiaries) (refer Material Contracts Section 10.9.3 of this Prospectus).
19. Joint Venture Agreements (IOCG) (not yet registered) dated 26 April 2005 made between Hindmarsh and Southern Gold Ltd (or its wholly owned subsidiary) (refer Material Contracts Section 10.9.4 of this Prospectus).
20. Joint Venture Agreement (ELAs) (not yet registered) dated 26 April 2005 made between Hindmarsh and Southern Gold Ltd (refer Material Contracts Section 10.9.5 of this Prospectus).

SUMMARY OF NATIVE TITLE CLAIMS

*	SC 95/7	Accepted for registration	Antakirinja Native Title Claim
*	SC 96/4	Accepted for registration	Barngarla Native Title Claim
*	SC 99/1	Accepted for registration	Adnyamathanha No 1 Claim
*	SC 01/1	Currently identified for registration testing	Far West Coast Native Title Claim
*	SC 97/7	Accepted for registration	Gawler Ranges Native Title Claim

10. Additional Information

10.1 Incorporation

Hindmarsh Resources Ltd was registered on 24 September 2003.

10.2 Tax Status

Hindmarsh Resources Ltd will be taxed as an Australian resident at the prevailing corporate tax rate which is currently 30%.

10.3 Litigation

The Directors are not aware of any legal proceedings which have been threatened or actually commenced against the Company.

10.4 Directors' Relevant Interests

(a) Interests in Securities

The table appearing below shows the interest of each Director and his or her associates in securities of the Company as at the date of listing the Company on the ASX.

Name of Director		Number of Shares	Number of Options	
			(a)	(b)
K Hobbs		-	-	-
R M Bonython	Directly	15,000		5,000
	Indirectly	560,000		19,999
FCH O'Connor	Directly	400,000		
	Indirectly	951,666	266,666	83,333
S T O'Loughlin	Directly	890,580	66,667	41,666

Notes:

- (a) options issued are exercisable at \$0.20 and expire on 30/10/2008
(b) options issued are exercisable at \$0.25 and expire on 23/03/2009

(b) Interests of Directors

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Shares; or
- the Offer of the Shares.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, options or otherwise) have been paid or given or agreed to be paid or given to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or any company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer of the Shares.

(c) Remuneration of Directors

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the non-executive Directors has been fixed at a maximum of \$150,000 per annum to be apportioned among the non-executive Directors in such manner as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

Ms Catherine Hobbs will be the Managing Director of the Company. Her remuneration package will comprise a salary of \$140,000 per annum inclusive of superannuation commencing 3 May 2005. Subject to shareholders approval, Ms Hobbs

will be granted 750,000 options together with a further 750,000 options after 12 months. Should the Company be taken over by unrelated entity in the first 12 month period, the second 750,000 options become due to Ms Hobbs.

During the past 2 year period, Mr O'Connor has received 200,000 shares and Mr O'Loughlin has received 200,000 shares in the Company in lieu of director's fees. Each of the Directors, other than Mr O'Connor and Ms Hobbs, is a Gladstone Vendor and, in that capacity, has received shares in the Company pursuant to the Share Purchase Agreement.

O'Loughlins Lawyers (of which Mr O'Loughlin is a partner) have received \$43,732 from the Company over the past 2 year period for legal services provided to the Company.

(d) Insurance

The Company intends to effect and maintain, Directors' and Officers' Liability and Company Reimbursement insurance.

10.5 Interests of Named Persons

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

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or
- the Offer under this Prospectus.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, options or otherwise) have been paid or given or agreed to be paid or given to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

PKF Corporate (SA) Pty Ltd have acted as independent accountants in relation to the Offer. As independent accountants, PKF Corporate (SA) Pty Ltd have been involved in undertaking due diligence in relation to financial and taxation matters and preparing pro-forma financial accounts, and have prepared the Independent Accountant's Report which has been included in this Prospectus. In respect of this work the Company has agreed to pay PKF Corporate (SA) Pty Ltd a total of \$7,500 for these services. PKF will be the auditors to the Company.

O'Loughlins Lawyers have acted as the solicitors to the Company in relation to the Offer and have prepared the Solicitor's Report which has been included in this Prospectus, and in that capacity and otherwise assisting the Company with the preparation of this Prospectus, O'Loughlins Lawyers have been involved in undertaking certain due diligence enquiries in relation to legal matters and providing legal advice to the Company in relation to the Offer. In respect of this work, the Company has agreed to pay O'Loughlins Lawyers \$30,000 for these services up to the date of this Prospectus. O'Loughlins Lawyers have or may receive professional fees at their normal rates for other legal work for the Company.

Gryphon Partners Pty Ltd has acted as the financial advisors to Hindmarsh in relation to this prospectus. In respect of this work, Gryphon Partners will receive fees of \$20,000.

David Tonkin & Associates will receive professional fees of \$13,500 for the provision of the Independent Geologist's Report.

10.6 Expenses of the Offer

The estimated expenses (exclusive of GST) connected with the Offer, which are payable by the Company, are as follows:

Sponsoring Brokers Fees	\$28,000
Financial Advisory Fees	\$20,000
Independent Accountant's Report	\$7,500
Legal Expenses	\$30,000
Independent Geologist's Report	\$13,500
Miscellaneous Offer and Listing Costs	\$4,000
ASX Listing Fees	\$24,000
Total	127,000

10.7 Consents

Each of the parties referred to in this Section 10.7:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 10.7; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 10.7.

PKF Corporate (SA) Pty Ltd have given their written consent to the inclusion in Section 8 of this Prospectus of their Independent Accountant's Report and to all statements referring to that report in the form and context in which they appear and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

O'Loughlins Lawyers have given their written consent to the inclusion in Section 9 of this Prospectus of their Solicitor's Report and to all statements referring to that report in the form and context in which they appear and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

David Tonkin & Associates have given their written consent to the inclusion in Section 6 of this Prospectus of their Independent Geologist's Report and to all statements referring to that report in the form and context in which they appear and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Taylor Collison Limited has given and has not before lodgement of this Prospectus with ASIC withdrawn its consent to be named as the Sponsoring Broker to the Issue. Taylor Collison Limited does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based. It has had no involvement in the preparation of this Prospectus (unless expressly stated to the contrary). It has not authorised or caused the issue of this Prospectus and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with its consent.

Furthermore, each of the following has consented in writing to being named in the Prospectus in the capacity as noted below and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- PKF as Auditors;
- PKF Corporate (SA) Pty Ltd as Independent Accountant;
- O'Loughlins Lawyers as the Solicitors to the Company;
- Taylor Collison Limited as the Sponsoring Broker to the Offer;
- David Tonkin as the Independent Geologist; and
- Gryphon Partners Pty Ltd as the Financial Advisors to the Company.

Copies of the consents to the issue of this Prospectus are available for inspection, without charge, at the registered office of the Company.

10.8 Details Of The Existing Shareholders And Optionholders

Top 20 Shareholders

Shareholder	Number of Shares Held	% of Issued Shares
Mr Simon Thomas O'Loughlin	890,580	5.04
Gryphon Partners Limited	701,666	3.73
AWJ Family Pty Ltd	650,000	3.45
Dorica Nominees	550,000	2.92
RJP Family Pty Ltd	530,000	2.81
Arredo Pty Ltd	435,000	2.31
Mr Robert John Annells	400,000	2.12
Mr Antonio Belperio	400,000	2.12
Carter Family A/C	400,000	2.12
Peter John Gower	400,000	2.12

Mr Robert James Sydney Greenslade	400,000	2.12
Inca Resources Pty Ltd	400,000	2.12
Mr David Raymond Miller	400,000	2.12
Mr Francis Creagh Henry O'Connor	400,000	2.12
Mr John Roberts	400,000	2.12
Mr Donald Clinton Stephens	400,000	2.12
Mrs Tracey Fraser	295,000	1.57
MAMBAT Pty Ltd S/Fund A/C	285,000	1.51
Greenslade Holdings Pty Ltd	250,000	1.33
McKell Place Nominees Pty Ltd	250,000	1.33

Top 10 Optionholders

Optionholder	Number of Options Held	% of Quoted Options
AWJ Family Pty Ltd	83,333	4.03
Greenslade Holdings Pty Ltd	83,333	4.03
O'Connor Family A/C	83,333	4.03
RJP Family Pty Ltd	83,333	4.03
Hebden Pty Ltd	66,666	3.23
Foresight Pty Ltd	50,000	2.42
MP Management (Aust) Pty Ltd	50,000	2.42
McKell Place Nominees Pty Ltd	49,999	2.42
BAJ Family Pty Ltd	41,666	2.02
Mr Simon Thomas O'Loughlin	41,666	2.02

10.9 Material Contracts

Set out below is a brief summary of the material contracts which have been entered into by the Company and its subsidiaries all which have been identified as material and relevant to an investor. To fully understand all rights and obligations of a material contract it would be necessary to review it in full and these summaries should be read in that light.

10.9.1 Sponsoring Broker Agreement

Pursuant to a Sponsoring Broker Agreement dated 1 June 2005 Taylor Collison Limited has agreed to act as sponsoring broker to the Offer. It is entitled to receive commission of 5% of the amount raised under the Offer.

10.9.2 Share Purchase Agreement

Pursuant to a Share Purchase Agreement dated 16 March 2005 made between the Company and the shareholders ("Sellers") of Gladstone, the Company agreed to purchase the whole of the issued share capital of Gladstone in consideration of the issue to the Sellers of 4,400,000 ordinary shares in the capital of the Company at a deemed issue price of 25 cents per share.

The Agreement is subject to and conditional upon:

- The Sellers not having breached the Agreement before Completion;
- None of the warranties being or becoming false, misleading or incorrect;
- Applications for exploration licences numbered 904/04, 900/04, 2005/13, 2005/85 and 2005/90 being granted to Gladstone;
- The Company having obtained all shareholder approvals required under the NSX Listing Rules or the Corporations Act.

If the conditions precedent are not satisfied or waived on or before 31 May 2005 the Company may terminate the Agreement.

Each Seller has agreed to enter into a restriction agreement in the form of Appendix 9A of the ASX Listing Rules under which the Seller is prevented from selling the shares issued to the Seller under the Agreement for a period of 12 months from Completion.

Completion under the Agreement was effected on 15 May 2005. At Completion the directors of Gladstone, other than Richard Bonython, resigned.

Under the Agreement the Sellers provide extensive warranties in relation to the affairs of Gladstone and an indemnity in favour of the Company. However, the Company's right to claim for a breach of warranties (other than in respect of

taxation matters) is limited to claims notified within 12 months after the Completion Date and claims in respect of which the aggregate amount claimed is in excess of \$50,000. The maximum amount which the Company may recover from the Sellers in respect of all claims is \$1,100,000.

The Agreement contains usual provisions as to costs and stamp duty, announcements and termination.

10.9.3 Joint Venture Letter Agreements – Southern Gold Limited (Uranium only)

Pursuant to three Joint Venture Letter Agreements dated 26 April 2005 made between the Company and Southern Gold Ltd (or its wholly owned subsidiaries) (“**Southern**”), Southern has granted the Company the right to earn a 51% interest in each of South Australian Exploration Licences numbered 3080, 3097 and 3308 (“**tenements**”) in respect of uranium only by expending \$250,000 per tenement within two years. The Company has the right to increase its 51% interest to an 80% interest by expending an additional sum of \$250,000 per tenement within an additional eighteen months. Whilst it is sole funding expenditure or holds the largest interest, the Company is the manager and operator of the joint venture. Subject to the Company spending not less than \$40,000 per annum on each tenement, Southern is required to keep the tenements in good standing until the Company has earned a 51% interest.

Southern retains the right to explore on the tenements for all minerals other than uranium provided that it keeps the Company informed of the results of its activities and indemnifies the Company for any loss it may suffer as a result of those activities. If a decision to mine is made by the joint venturers under this Letter Agreement then the mining project that results will have priority over any other exploration or development activities proposed to be conducted by Southern.

The Letter Agreement is subject to all approvals required under the South Australian Mining Act. The Letter Agreement contains usual provisions as to formation of the management committee and management, budgets, dilution, default, confidentiality, decision to mine, pre-emptive rights, assignment and relinquishment of areas.

10.9.4 Joint Venture Letter Agreements – Southern Gold Ltd (IOCG)

Pursuant to two Joint Venture Letter Agreements dated 26 April 2005 made between the Company and Southern Gold Ltd (or its wholly owned subsidiaries) (“**Southern**”), Southern has granted the Company the right to earn a 25% interest in each of South Australian Exploration Licences numbers 3158 and 3217 (“**tenements**”) by expending \$250,000 per tenement within three years. The Company has the right to increase its 25% interest to a 35% interest by expending an additional sum of \$250,000 per tenement within an additional twelve months. Whilst it holds the largest interest, Southern is the manager and operator of the joint venture. Until the Company has earned an interest in the tenements, Southern is required to maintain the tenements in good standing.

The Letter Agreement is subject to all approvals required under the South Australian Mining Act. The Letter Agreement contains usual provisions as to formation of the management committee and management, budgets, dilution, default, confidentiality, decision to mine, pre-emptive rights, assignment and relinquishment of areas.

10.9.5 Joint Venture Letter Agreement – Southern Gold Ltd (ELA's)

Pursuant to a Joint Venture Letter Agreement dated 26 April 2005 made between the Company and Southern Gold Ltd (“**Southern**”), the Company has granted Southern the right to earn a 30% interest in exploration licences which result from Exploration Licence Applications 96/05 and 199/05 (“**tenements**”) in respect of uranium only by expending \$400,000 on the tenements within two years. The Letter Agreement is conditional upon exploration licences being granted pursuant to the abovementioned exploration licence applications and to all approvals required under the South Australian Mining Act. Whilst it holds the largest interest, the Company is the manager and operator of the joint venture. Southern is not permitted to withdraw from the joint venture until such time as it has incurred expenditure on the tenements of not less than \$400,000.

The Company retains the right to explore on the tenements for all minerals other than uranium provided that it keeps Southern informed of the results of its activities and indemnifies Southern for any loss it may suffer as a result of those activities. If a decision to mine is made by the joint venturers under this Letter Agreement then the mining project which results has priority over any other exploration or development activities proposed to be conducted by the Company.

The Letter Agreement contains usual provisions as to establishment of a management committee and management, budgets, dilution, default, confidentiality, decision to mine, pre-emptive rights, assignment and relinquishment of areas.

10.10 Rights Attaching To Shares

The Shares to be issued under this Prospectus will rank equally with the fully paid ordinary shares in the Company. The rights attaching to shares are set out in the Company's Constitution, and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules and general law. The Constitution of the Company may be inspected during normal business hours at the registered office of the Company.

The following is a summary of the more significant rights of the holders of ordinary shares of the Company. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members. The summary assumes that the Company is admitted to the Official List of ASX.

- (a) General Meeting

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's Constitution, the Corporations Act or the Listing Rules.

(b) Voting

Subject to any rights or restrictions for the time being attached to any class or classes of shares whether by the terms of their issue, the Constitution, the Corporations Act or the ASX Listing Rules, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by a representative has one vote on a show of hands and every such holder present in person or by a representative, proxy or attorney has one vote per share on a poll. A person who holds an ordinary share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share. A member is not entitled to vote unless all calls and other sums presently payable by the member in respect of shares in the Company have been paid. Where there are two or more joint holders of the share and more than one of them is present at a meeting and tenders a vote in respect of the share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of members.

(c) Issues of Further Shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Company's Constitution, the ASX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

d) Variation of Rights

At present, the Company has on issue one class of shares only, namely ordinary shares. The rights attached to the shares in any class may be altered only by a special resolution of the Company and a special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(e) Transfer of Shares

Subject to the Company's Constitution, the Corporations Act, the ASTC Settlement Rules and the ASX Listing Rules, ordinary shares are freely transferable.

The shares may be transferred by a proper transfer effected in accordance with ASTC Settlement Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act. The Company may decline to register a transfer of shares in the circumstances described in the Company's Constitution and where permitted to do so under the ASX Listing Rules. If the Company declines to register a transfer, the Company must, within five business days after the transfer is lodged with the Company, give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of shares when required by law, by the ASX Listing Rules or by the ASTC Settlement Rules.

(f) Partly Paid Shares

The Directors may, subject to compliance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, issue partly paid shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid issue price.

(g) Dividends

The Company in general meeting may declare a dividend if the Directors have recommended a dividend, and a dividend shall not exceed the amount recommended by the Directors. The Directors may authorise the payment to the members of such interim dividends as appear to the Directors to be justified by the Company's profits and for that purpose may declare such interim dividends.

Subject to the rights of members entitled to shares with special rights as to dividend (if any), all dividends in respect of shares (including ordinary shares) are to be declared and paid proportionally to the amount paid up or credited as paid up on the shares.

(h) Winding Up

Subject to the rights of holders of shares with special rights in a winding up, if the Company is wound up, members (including holders of ordinary shares) will be entitled to participate in any surplus assets of the Company in proportion to the shares held by them respectively irrespective of the amount paid up or credited as paid up on the shares.

(i) Dividend Plans

The Directors or the members of the Company, in general meeting, may establish and maintain dividend plans under which (among other things) a member may elect that dividends payable by the Company be reinvested by way of subscription for shares in the Company or a member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of shares.

(j) Directors

The Company's Constitution states that the minimum number of directors is three.

(k) Powers of the Board

The Directors have power to manage the business of the Company and may exercise that power to the exclusion of the members, except as otherwise required by the Corporations Act, any other law, the ASX Listing Rules or the Company's Constitution.

10.11 Options

10.11.1 Employees and Officers Share Options

The Company has established The Hindmarsh Resources Ltd Employees and Officers Share Option Plan ("**Plan**") to assist in the attraction, retention and motivation of employees or officers of the Company and its related bodies corporate ("**Group**"). No options have been granted under the Plan as at the date of this Prospectus.

A summary of the Rules of the Plan is set out below.

All employees or officers (full and part-time) and consultants will be eligible to participate in the Plan after a qualifying period of 12 months' employment by a member of the Group (or, in the case of a consultant to a Group Company, having provided consulting services on a continuous basis for at least 12 months), although the Board may waive this requirement.

The allocation of options to each employee, officer or consultant is in the discretion of the Board.

If permitted by the Board, options may be issued to an employee's, officer's or consultant's nominee (for example, a spouse or family company).

Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue.

Options will be issued free. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to offer those options. The total number of shares the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee or officer share plan, must not exceed 5% of the Company's issued share capital.

If, prior to the expiry date of options, a person ceases to be an employee, officer or consultant of a Group company for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) must be exercised within 1 month thereafter otherwise they will automatically lapse. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.

Options cannot be transferred other than to the legal personal representative of a deceased optionholder.

The Company will not apply for official quotation of any options.

Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.

Optionholders may only participate in new issues of securities by first exercising their options.

If there is a bonus share issue to the holders of shares, the number of shares over which an option is exercisable will be increased by the number of shares which the optionholder would have received if the option had been exercised before the record date for the bonus issue.

If there is a pro rata issue (other than a bonus share issue) to the holders of shares, the exercise price of an option will be reduced to take account of the effect of the pro rata issue as per the formula in (h) of Section 10.11.2 of this Prospectus.

If there is a reorganisation of the issued capital of the Company, unexercised options will be reorganised in accordance with the Listing Rules.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

10.11.2 Options

The Options which have been issued by the Company, and the options which are to be issued to Ms Hobbs subject to shareholder approval, with the various exercise prices and exercise periods referred to in Sections 2.9 and 10.4 will have the following terms and conditions:

- (a) The Optionholder is entitled on payment of the Exercise Price to be allotted one ordinary fully paid share in the Company for each Option exercised (subject to possible adjustments referred to below).
- (b) The Options held by the Optionholder are exercisable in whole or in part at any time during the Exercise Period. Options not exercised before the expiry of the Exercise Period will lapse.
- (c) Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the Exercise Price in cleared funds.
- (d) The Company will not apply for official quotation on ASX of the Options other than the Shareholder Options. The Company will make application for official quotation on ASX of new shares allotted on exercise of the Options. Those Shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.
- (e) Subject to any restriction agreement, Options are freely transferable.
- (f) An Optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the Optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
- (g) If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (h) If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

$$A = O - \frac{E[P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the Option;
- O = the old exercise price of the Option;
- E = the number of underlying ordinary shares into which one Option is exercisable;
- P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stockmarket of ASX during the 5 trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
- S = the subscription price for a security under the pro rata issue;
- D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

- (i) If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.

10.12 Electronic Prospectus

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC and the issue of securities in response to an electronic application form subject to compliance with certain provisions.

If you have received this Prospectus as an electronic prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at admin@hindmarshresources.com.au and the Company will send to you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

Hindmarsh Resources Ltd reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such case, the Application Monies received will be dealt with in accordance with Section 722 of the Corporations Act.

11. Definitions

In this Prospectus, unless the context otherwise requires:

“A\$” and “\$” means Australian dollars, unless otherwise stated.

“Applicant” means a person who submits an Application.

“Application” means a valid application to subscribe for Shares.

“Application Form” means the application form contained in this Prospectus or a copy of the application form contained in this Prospectus or a direct derivative of the application form which is contained in this Prospectus.

“Application Monies” means 28 cents (\$0.28) being the amount payable in respect of each Share under the Offer.

“ASIC” or “Commission” means Australian Securities and Investments Commission.

“ASTC” means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

“ASTC Settlement Rules” means the operating rules of the ASTC and, to the extent that they are applicable, the operating rules of the ASX and the operating rules of the Australian Clearing House Pty Limited.

“ASX” means Australian Stock Exchange Limited (ACN 008 624 691).

“Board of Directors” and “Board” means Board of Directors of Hindmarsh Resources Ltd unless the context indicates otherwise.

“Business Day” means a day on which the trading banks are open in Adelaide, South Australia.

“CHESS” means ASX Clearing House Electronic Subregistry System.

“Closing Date” means the date on which the Offer closes.

“Company” means Hindmarsh Resources Ltd (ACN 106 444 857) and where the context permits, its subsidiaries.

“Completion of the Offer” means the allotment of all the Shares offered under this Prospectus.

“Corporations Act” means the Corporations Act 2001 of Australia.

“CST” means Central Standard Time as applicable in Adelaide, South Australia and references to time in this Prospectus are references to CST.

“Directors” means directors of Hindmarsh Resources Ltd unless the context indicates otherwise.

“ELA” means Exploration Licence application.

“email” means an electronic mail service that allows users to send and receive messages via the Internet.

“Gladstone Vendors” means the former shareholders of Gladstone who sold their shares in Gladstone to the Company.

“HIN” means holder identification number.

“Hindmarsh” means Hindmarsh Resources Ltd ACN 106 444 857 and, where the context permits, its subsidiaries.

“Issue” means the issue of Shares pursuant to this Prospectus.

“Issuer Sponsored” means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

“Listing Rules” means listing rules of the ASX.

“NSX” means Stock Exchange of Newcastle Ltd ACN 000 902 063.

“Offer” means the invitation to apply for Shares pursuant to this Prospectus.

“Offer Period” means the period commencing on the Opening Date and ending on the Closing Date.

“Official List” means the Official List of the ASX.

“Opening Date” means the date immediately following the expiry of the exposure period referred to in Section 2 of this Prospectus.

“Optionholder” means a holder of any Options.

“Options” means an option to acquire a fully paid ordinary voting share in the capital of the Company.

“PIRSA” means the Department of Primary Industries and Resources (SA).

“Proper ASTC Transfer” has the same meaning given in the Corporations Act.

“Prospectus” means this disclosure document.

“Quoted Options” means the options presently listed on the NSX.

“Quotation” means quotation of the Shares on the Official List.

“Share” means a fully paid ordinary share in the capital of Hindmarsh.

“Shareholders” means the holders of Shares in Hindmarsh.

“Shareholder Options” means options issued to members of Hindmarsh Resources pursuant to the prospectus dated 3 November 2003.

“Southern Gold” means Southern Gold Limited ACN 107 424 519 and, where the context permits, its subsidiaries.

“Subsidiaries” means the same as that term is defined under Section 9 of the Corporations Act.

“Tenement” means an Exploration Licence (**“EL”**), or any other form of licence or title held or applied for by the Company or in which the Company has an interest.

Directors' Responsibility Statement and Consent

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements by the Directors in this Prospectus are not misleading or deceptive and that with respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making those other statements were competent to make such statements and each of those persons have given their consent to the issue of this Prospectus and have not withdrawn that consent, before lodgement of this Prospectus with ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus. The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented in writing to the lodgement of the Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of Hindmarsh Resources Ltd on 3 June 2005.

A handwritten signature in black ink, appearing to read 'R. Bonython', with a long horizontal flourish extending to the right.

Richard M Bonython
Chairman

**APPLICATION FORM
AND GUIDE TO THE APPLICATION FORM**

HINDMARSH RESOURCES LTD
ACN 106 444 857

Registry Use Only

Broker Code

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire Prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

A I/we apply for

Number of shares in Hindmarsh Resources Ltd at \$0.28 per share
or such lesser number of shares which may be allocated to me/us.

B I/we lodge full Application Money

A\$

C Individual/Joint applications – refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name

Given Name(s)

Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Postal Address- include State and Postcode

Unit Street Number

Street Name or PO Box/Other Information

City/Suburb/Town

State

Postcode

E Contact Details

Contact Name

Telephone (Work)

Telephone (Home)

F CHESS DETAILS

Holder Identification Number (HIN)

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the Capital Raising will be held on the Issuer Sponsored Sub-

G Cheque Details – make your cheque or bank draft payable to “Hindmarsh Resources Ltd Float Account”

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque

A\$

Cheque Number

BSB Number

Account Number

Amount of Cheque

A\$

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application Form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate.

I/we agree to be bound by the Constitution of the Company. **See back for completion guidelines.**

How to Complete this form

A Shares Applied for

Enter the number you wish to apply for. The application must be for a minimum of 8,000 shares and thereafter in multiples of 1000 shares.

B Application Moneys

Enter the amount of Application Moneys. To calculate the amount, multiply the number of Shares by the price per Share.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the incorrect form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address

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

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHES

Hindmarsh Resources Ltd (the Company) will apply to the ASX to participate in CHES operated by ASX Settlement and transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHES, the company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of shares allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allotted a Securityholder Reference Number (SRN).

G Payment

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Lodgement of Application

Application Forms must be received at the Adelaide office of Computershare Investor Services Pty Limited ("CIS") by no later than 5.00 pm CST on 24 June 2005.

Return the Application Form with cheque(s) attached to:
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GPO Box 1903
ADELAIDE SA 5001

OR

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ACN 106 444 857

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A I/we apply for

Number of shares in Hindmarsh Resources Ltd at \$0.28 per share
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Title or Company Name

Given Name(s)

Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Postal Address- include State and Postcode

Unit Street Number

Street Name or PO Box/Other Information

City/Suburb/Town

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BSB Number

Account Number

Amount of Cheque

A\$

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By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application Form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate.

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