

HINDMARSH RESOURCES LIMITED
ACN 106 444 857

NOTICE OF GENERAL MEETING

A general meeting of the Company will be held at the offices of O'Loughlins Lawyers, Level 2, 99 Frome Street, Adelaide SA 5000 on 22 April 2005 at 3.00pm.

This Notice of General Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Secretary by telephone on (08) 8418 8525

HINDMARSH RESOURCES LIMITED

ACN 106 444 857

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Hindmarsh Resources Ltd (“**Company**”) will be held at the offices of O’Loughlins Lawyers, Level 2, 99 Frome Street, Adelaide SA on 22 April 2005 at 3.00pm (“**GM**”).

The Explanatory Memorandum attached to this Notice of Meeting provides additional information on matters to be considered at the GM. The Explanatory Memorandum and Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulations 7.11.38 of the Corporations Regulations 2001 that the persons eligible to vote at the GM are those who are registered as shareholders of the Company on 20 April 2005 at 3.00pm.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

Resolution 1 – Acquisition of Shares in Gladstone Resources Ltd

To consider and, if thought fit, to pass as a special resolution the following:

“That, pursuant to and in accordance with Newcastle Stock Exchange (“NSX”) Listing Rules 6.25(1), 6.41 and 6.44, section 208 of the Corporations Act 2001 and for all other purposes, the members of the Company hereby authorise the Directors to enter into and to issue 4,400,000 Shares at a deemed issue price of \$0.25 per Share pursuant to the Share Purchase Agreement described in the Explanatory Memorandum.”

Voting Exclusion.

The Company will disregard any votes cast on this resolution by a person or their associate, who will receive Shares in the Company pursuant to the Share Purchase Agreement and might obtain a benefit, (except a benefit solely in their capacity as a holder of ordinary securities), if the resolution is passed.

The Company will disregard any votes cast on this resolution by a person or their associate, who is to receive Shares in the Company pursuant to the Share Purchase Agreement.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolutions 2.1 to 2.3 – Issue of Shares to Directors

To consider and, if thought fit, to pass as a special resolution the following:

“That, pursuant to and in accordance with NSX Listing Rule 6.44 and for all other purposes, the members of the Company hereby approve of the issue of:

- 2.1 200,000 Shares to Creagh O’Connor, a Director of the Company, or his nominee(s), in lieu of payment of directors fees to which Mr O’Connor is or may become entitled and otherwise on the terms and conditions set out in the Explanatory Memorandum;*
- 2.2 200,000 Shares to Robert Greenslade, a Director of the Company, or his nominee(s), in lieu of payment of directors fees to which Mr Greenslade is or may become entitled and otherwise on the terms and conditions set out in the Explanatory Memorandum;*
- 2.3 200,000 Shares to Simon O’Loughlin, a Director of the Company, or his nominee(s), in lieu of payment of directors fees to which Mr O’Loughlin is or may become entitled and otherwise on the terms and conditions set out in the Explanatory Memorandum.*

Voting Exclusion.

The Company will disregard any votes cast on Resolutions 2.1, 2.2 and 2.3 by a person or their associate, who will receive Shares in the Company pursuant to these resolutions and might obtain a benefit, (except a benefit solely in their capacity as a holder of ordinary securities), if these resolutions are passed.

The Company will disregard any votes cast on these resolutions by a person or their associate, who is to receive Shares in the Company pursuant to these resolutions.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is

entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 3 - Appointment of Director – Mr Bonython

To consider and, if thought fit, to pass as an ordinary resolution the following:

“That, Richard Martin Bonython be appointed as a Director of the Company.”

Resolution 4 – Appointment of Director – Mr Youles

To consider and, if thought fit, to pass as an ordinary resolution the following:

“That, Ian Percival Youles be appointed as a Director of the Company.”

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Peter Cox', with a long horizontal line extending from the end of the signature.

Peter Cox
Company Secretary

Dated 21 March 2005

FORM OF PROXY

of

of _____

or failing him/her

of

or failing him/her, the Chairman of the meeting, as my/our proxy at the General Meeting of the Company to be held commencing at 3.00pm on 22nd April 2005, and at any adjournment thereof and to vote for me/us on my/our behalf in respect of all/the following *

_____ of my/our shares in the following manner:

		For	Against	Abstain
Resolution 1	Acquisition of shares in Gladstone Resources Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.1	Issue shares to Mr Creagh O'Connor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.2	Issue shares to Mr Robert Greenslade	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.3	Issue shares to Mr Simon O'Loughlin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Appointment of Mr Bonython as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Appointment of Mr Youles as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated this day of 2005

Signature of Member/s

Notes:

1. Each proxy form and the power of attorney or a certified copy thereof (if any) under which it is signed must be received by the Company at: Hindmarsh Resources Limited, c/- Gryphon Partners Ground floor, 60 Hindmarsh Square, Adelaide SA, 5000, facsimile number +61 8 8223 5051, not later than 48 hours before the appointed time of the Meeting.
2. Proxy forms executed by a corporation must be in accordance with the requirements of the Corporations Act or under the hand of its attorney.
3. Should you desire to direct your proxy on how to vote, place a cross in the appropriate box for each item, otherwise your proxy may vote as your proxy thinks fit or abstain from voting.
- 4.* If two proxies are appointed you may delete “all” and insert the relevant number or proportion of shares in respect of which each such appointment is made. A separate proxy must be completed for each proxy.
5. The proposed Chairman of the Meeting has informed the Company that it is his intention to vote in favour of all Resolutions in the Notice in respect of any undirected proxies which may be granted in respect of the Chairman.
6. If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on items you do not wish to direct your proxy how to vote, please place a mark in this box.

☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him other than as a proxy holder will be disregarded because of that interest.

HINDMARSH RESOURCES LIMITED
ACN 106 444 857

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of shareholders of the Company in connection with the business to be conducted at the GM to be held at O'Loughlins Lawyers, Level 2, 99 Frome Street, Adelaide SA on 22 April 2005 at 3.00pm.

The purpose of this Explanatory Memorandum is to provide information that is material to shareholders in relation to the resolutions set out in the Notice of General Meeting. The Explanatory Memorandum explains the resolutions and identifies the reasons for putting them to shareholders.

2. Resolution 1 – Acquisition of Shares in Gladstone Resources Ltd

2.1. Summary of Transaction

The Company announced to the NSX on 17 March 2005 the proposal to acquire 100% of the issued capital of Gladstone Resources Limited (“**Gladstone**”) pursuant to the Share Purchase Agreement (a copy of this announcement is attached to and forms part of this Explanatory Memorandum (see attachment 1)).

This announcement included details of:

- (a) the Share Purchase Agreement;
- (b) the assets of Gladstone Resources Limited;
- (c) the effect of the transaction on the capital of the Company; and
- (d) the raising of additional capital through the exercise of options.

To implement the issue of shares in the Company to the Gladstone Vendors pursuant to the Share Purchase Agreement, Resolution 1 must be passed by the requisite majority.

Shareholders should be aware that a number of risks are associated with the transaction. Shareholders should see section 2.6 of this Explanatory Memorandum for more information regarding risks associated with the transaction.

2.2 Acquisition of Gladstone Resources Ltd

(a) General

The Company has entered into the Share Purchase Agreement with the Gladstone Vendors under which the Company will acquire 100% ownership of Gladstone. A list of the Gladstone Vendors is contained in section 2.5 of this Explanatory Memorandum. Gladstone is a special purpose company that

was incorporated for the purposes of acquiring exploration tenements in South Australia prospective for uranium deposits. The assets of Gladstone Resources comprise 10 applications for exploration licences all of which are situated in South Australia. It has no liabilities other than ordinary operating expenses.

(b) *Completion and Conditions Precedent*

The Company expects that completion will occur under the Share Purchase Agreement by 30 April 2005. Settlement is conditional upon the approval of the Shareholders and the grant of five of the applications for exploration licences. If these conditions precedent are not satisfied then completion will not occur and the Gladstone Vendors will not receive any shares in the Company.

(c) *Consideration*

The Company will issue to the Gladstone Vendors at completion 4,400,000 ordinary shares in the capital of the Company at a deemed issue price of 25 cents per share.

(d) *Escrow*

The Gladstone Vendors have agreed to a voluntary escrow of the shares in the Company to be issued to them pursuant to the Share Purchase Agreement for 12 months from the date of issue.

2.3 Assets of Gladstone

Exploration Targets

Introduction

Gladstone Resources Ltd has applied for 10 exploration licences in South Australia covering some 5,300 square kilometres. The targets sought by Gladstone fall into two categories, roll front and haematite host.

Roll Front

The Company's tenements prospective for roll front targets lie in either the Eucla (west) or Murray (east) Basins. Roll Front targets typically are prospective for sedimentary uranium deposited by ground water in buried channel sands at oxidation/reduction zones. Tenements within the Eucla Basin (ELAs 916/04, 904/04 and 900/04) contain tertiary palaeochannels, draining the basement rocks of the Gawler Craton lying immediately to the north east. Of particular interest is ELA 900/04 covering portion of the Wynbring palaeochannel, which drains the basement hiltaba granites and older metasediments west of Tarcoola. Previous drilling intersected uranium in this palaeochannel, but follow-up work was not completed because the demand for uranium declined and politics restricted approvals.

The tenements in the east of the state (ELAs 2005/03, 2005/12) lie in the northern part of the Murray Basin. Outcrop of the basement, to the north of the tenements, is of similar age to that hosting the Mt Painter and other uranium deposits. Previous drilling in the 1970s in both ELAs intersected uranium although economic constraints prevented any follow-up work being completed.

The uranium deposits at Beverley and Honeymoon occur in tertiary palaeochannels of the type mentioned above, with the source rocks most likely to be those around, or similar to, Mt Painter. Using past drilling data and modern technologies, exploration will centre on identifying the precise location of the palaeochannels in Gladstone's ground and outlining their uranium potential.

Haematite Host

Haematite-hosted uranium deposits are typically those which occur in haematite/chlorite bearing breccias, interpreted to be of late precambrian age. The deposits at Mt Painter are thought to be of this type. Although interpreted to be younger than the Olympic Dam copper/gold/uranium mineralisation, they show many similarities to this deposit. The potential within the Precambrian rocks is for deposits of several million tonnes at 1-2 kg/t uranium oxide.

These deposits tend to be dense and as such may be detected through geophysical techniques, particularly gravity. ELAs 2005/1 and 2005/13 were both filed over ground exhibiting gravity anomalies that may represent haematitic breccia systems within Precambrian rocks. Both anomalies require further resolution before drilling.

Airborne Uranium Anomalies

Several anomalous uranium highs are identified in data from recent close-spaced airborne surveys over the Flinders Ranges. ELAs 2005/91 and 2005/92 were acquired over such anomalies. At this time, the sources of these anomalies are unknown. They occur over precambrian and cambrian rocks, close to major structures, and have not been explored previously. Ground follow-up investigations are required to assess potential.

2.4 Effect of Shareholders not approving the acquisition of Gladstone Resources Ltd

If Shareholders do not approve the acquisition of Gladstone, the Company will continue with its current activities. The Company will not be able to reclaim costs incurred by it in connection with this transaction to date.

2.5 Other effects of the transaction on the Company

At Completion under the Share Purchase Agreement the Gladstone Vendors will be issued the following ordinary shares in the capital of the Company:

Name of Shareholder	Number of Shares
Derek Northleigh Carter and Carlsa Joyce Carter as trustees for the Carter Family Trust	400,000
Dorica Nominees Pty Ltd ACN 007 793 213	400,000
Inca Resources Pty Ltd ACN 061 840 328	400,000
Simon Thomas O'Loughlin	200,000
Donald Clinton Stephens	400,000
Antonio Peter Belperio	400,000
Robert John Annells	400,000
Peter John Gower	400,000
John Roberts	400,000
David Raymond Miller	400,000
Craig Peter Ball	200,000
Michael Andrew Whiting	200,000
Susan Maree Whiting	200,000

Simon O'Loughlin, a director of the Company, is also a shareholder of Gladstone as noted above. He will be issued 200,000 shares in the Company, being 4.55% of the shares to be issued to the Gladstone Vendors.

Following the acquisition of Gladstone, the capital structure of the Company will change as follows:

Shares currently on issue	7.18 million
Shares to be issued to Gladstone shareholders	4.40 million (@ implied price of 25c)
Shares to be issued upon options exercised by TCL	6.55 million (@23c)
Shares to be issued to Directors, Secretary and TCL	1.03 million
Total shares on issue after acquisition	19.16 million

Options on issue:	
TCL @ 22 cents	1 million
To be issued to TCL @ 25 cents	1 million
Shareholders @ 25 cents	2.1 million
Directors @ 20 cents	0.4 million

The Company has entered into a Placement Agreement with Taylor Collison Ltd ("TCL") under which TCL has agreed to raise approximately \$1,500,000 through the

exercise of 6.55 million options at an exercise price of \$0.23 per share. Pursuant to this agreement, by way of remuneration for its services, TCL is to be granted 1,000,000 options to subscribe for ordinary shares in the Company at an exercise price of 25 cents per share which are exercisable at any time on or before 30 June 2010 and is to be issued 327,500 fully paid ordinary shares in the capital of the Company.

The Board believes the acquisition of Gladstone and the portfolio of tenements prospective for uranium provides an exciting opportunity for the Company to enter into the uranium exploration business. Funding for initial exploration activities will be from the existing working capital reserves of the Company. Given the recent publicity concerning the substantial increases in the price of uranium and the success of various other companies exploring for uranium the Board believes that the opportunity to acquire Gladstone is unique and an exciting development for Shareholders.

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

- 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; and
- 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.

2.6 Risk Factors

The risk factors that will apply to the acquisition and operation of Gladstone are outlined below:

*** 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 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.

*** 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.

*** 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).

*** 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.

*** Business Risks**

A significant risk for the Company is that the proposed exploration programmes 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, 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 such as:

- 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, including the availability and reliability of appropriately skilled and experienced employees; and
- h) 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.

*** Native Title Claims**

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. 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 10 of this Prospectus.

*** Aboriginal Significant Sites**

Commonwealth and State Legislation obliges the Company to identify and protect sites of significance to Aboriginal custom and tradition. Some sites of significance may be identified within the Company's 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.

*** Environmental Risks**

Mining is an industry that has 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.

*** No Valuation**

No formal valuation has been completed of the exploration projects. The Company makes no representation as to the value of the exploration assets.

*** 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.

2.7 NSX Listing Rule 6.25(1) – Shareholder Approval of the Gladstone Vendor Issue

NSX Listing Rules 6.25(1) requires shareholder approval for the proposed issue of 4,400,000 shares in the capital of the Company to the Gladstone Vendors. Listing Rule 6.25(1) provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the shares proposed to be issued represent more than 15% of the company securities then on issue.

Given the proposed issue of shares to the Gladstone Vendors under Resolution 1 will exceed this 15% threshold and none of the exceptions contained in Listing Rule 6.25 apply to the Gladstone Vendor issue, shareholder approval is required in accordance with Listing Rule 6.25(1).

The 4,400,000 shares to be issued to the Gladstone Vendors will be allotted no later than 3 months after the date of this meeting or such later date as approved by the NSX. The deemed issue price of the shares is 25 cents. The allottees of the shares are the Gladstone Vendors as noted in the table in section 2.5 of this Explanatory Memorandum.

Since Simon Thomas O’Loughlin, one of the Gladstone Vendors, is a director of the Company, approval of the proposal to issue shares to him pursuant to the Share Purchase Agreement is required under section 208 of the *Corporations Act 2001* and under NSX Listing Rule 6.44.

Subject to certain exceptions (none of which are relevant here), section 208 of the *Corporations Act* prohibits the Company from giving a financial benefit to a related party of the Company without prior shareholder approval. The proposed issue of shares to Mr O’Loughlin, who is a related party of the Company, may constitute the giving of a financial benefit to a related party under section 229(3)(e) of the *Corporations Act* and shareholder approval is required. NSX Listing Rule 6.44 provides that shares cannot be issued to a related party of the Company without shareholder approval.

For the purpose of obtaining shareholder approval, and in accordance with the requirements of Chapter 2E of the *Corporations Act*, and in particular section 219, the following information is provided to shareholders to allow them to assess the proposed issue, pursuant to the Share Purchase Agreement, of 200,000 shares to Mr O’Loughlin:

- (a) The related party of the Company to whom a financial benefit may be given under Resolution 1 is Mr O’Loughlin who is a related party of the Company by virtue of being a director of the Company.
- (b) The nature of the financial benefit to be given to Mr O’Loughlin is the issue of 200,000 shares.

- (c) Mr O'Loughlin does not wish to make a recommendation to shareholders about Resolution 1 in view of his personal interest in the outcome of that resolution. Each of the other directors recommends that shareholders vote in favour of Resolution 1 for the reasons set out in this Explanatory Memorandum.
- (d) Apart from Mr O'Loughlin, none of the directors has a personal interest in the outcome of Resolution 1.
- (e) The shares issued pursuant to Resolution 1 will have a deemed issue price of 25 cents per share. The value of the consideration to be received by Mr O'Loughlin by virtue of the issue of the shares at a deemed issue price of 25 cents per share is \$50,000. The issue of shares to Mr O'Loughlin is calculated pro rata according to his shareholding in Gladstone Resources Limited. The benefit to be conferred upon Mr O'Loughlin by virtue of his shareholding in Gladstone Resources is proportionately the same as the benefit which will be received by each other shareholder in Gladstone Resources Limited.
- (f) The issue of shares to Mr O'Loughlin pursuant to Resolution 1 will result in existing shareholders' interests in the Company being diluted by less than 2%.
- (g) Other than the information set out in this Explanatory Memorandum, the Company believes there is no other information known to the directors of the Company that would reasonably be required by shareholders in order to decide whether or not it is in the best interests of the Company to pass Resolution 1.

2.8 NSX Listing Rule 6.41 - Change of Activities

The proposal by the Company to acquire the whole of the issued capital of Gladstone will, if completion is effected under the Share Purchase Agreement, result in a significant change in the nature and scale of the Company's activities. Pursuant to NSX Listing Rule 6.41 the NSX may require the Company to obtain shareholder approval for the proposed change in the nature and scale of its activities. The information which is relevant in relation to the proposed change in the nature and scale of activities of the Company is set out above.

One of the purposes of Resolution 1 is to comply with the requirements of NSX Listing Rule 6.41.

All of the directors (excluding Mr O'Loughlin who has a material personal interest in the matters which are the subject of Resolution 1) recommend that shareholders vote in favour of Resolution 1.

3 Resolutions 2.1 – 2.3 – Issue of Shares to Directors

3.1 Background

Mr Creagh O'Connor, Mr Robert Greenslade and Mr Simon O'Loughlin were appointed as Directors of the Company on 24 September 2003. Since the date of their appointment the Directors have not received any remuneration for the performance of their duties as Directors of the Company. During this period the Directors have spent a considerable amount of time on investigating numerous investment proposals brought to the Company by third parties. In addition the numerous investment proposals investigated by the Directors which have not come to fruition, the Directors have spent a considerable amount of time on investigating and negotiating the proposal to acquire the whole of the issued capital of Gladstone.

It is proposed, subject to Shareholder approval being obtained, to issue to each of the Directors or his nominee 200,000 Shares in the Company in lieu of Directors' fees of \$50,000 each for the period from the date of their appointment until 30 April 2005.

As the Directors are related parties of the Company, Shareholder approval of the issue of Shares to them is required for the purposes of NSX Listing Rule 6.44.

3.2 NSX Listing Rule 6.44

NSX Listing Rule 6.44 provides that a listed entity must obtain the approval of members by special resolution for any issue of equity securities to a related party.

It is proposed that the issue of Shares to Directors pursuant to Resolutions 2.1 – 2.3 inclusive occur no later than one month after the date of the General Meeting. The Company intends to apply to NSX for official quotation of the Shares to be issued to the Directors. No funds will be raised from the proposed issue of Shares to the Directors. Since each of the Directors has a material personal interest in relation to Resolutions 2.1 to 2.3 inclusive none of the Directors makes any recommendation to the Shareholders in relation to those Resolutions.

4 Appointment of New Directors

Resolutions 3 and 4 provide for the appointment of Richard Bonython and Ian Youles as Directors of the Company. It is proposed that Mr Bonython will become the Chairman of the Board of Directors of the Company. Mr Bonython is currently a Director of Minotaur Exploration Ltd, Mithril Resources Ltd and Petrathern Limited and brings many years corporate experience in the junior exploration field. This experience will be invaluable in leading the Company in its quest to become Australia's foremost uranium explorer.

Mr Ian Youles is a qualified mining geologist with over forty years experience in mineral exploration and mining geology on three continents. Of particular relevance and value to the Company will be Mr Youles' background in uranium exploration, something he conducted from 1968 to 1982. During this period he was involved in outlining and resource definition of the uranium field in the Mount Painter area of South Australia working for Exoil NL and later, as supervising geologist for the South Australian

Government evaluating reports on exploration of uranium in the area which includes the Beverly and Honeymoon deposits. From 1978 to 1982 he was South Australian Manager of Oil Min NL where he was principally involved in exploring for uranium in haematite breccias similar to the Olympic Dam model. Mr Youles will be responsible for managing the Company's exploration program.

5 Glossary of Terms

In this Notice and Explanatory Memorandum the following words and expressions have the following meanings:

"Company" means Hindmarsh Resources Limited ACN 106 444 857;

"Director" means a director of the Company from time to time;

"Explanatory Memorandum" means this Explanatory Memorandum;

"Gladstone" means Gladstone Resources Limited ACN 112 275 386;

"Gladstone Vendors" means the persons listed in the table appearing in section 2.5 of this Explanatory Memorandum;

"Listing Rules" means the official Listing Rules of NSX;

"General Meeting" means the general meeting of shareholders of the Company or any adjournment thereof, convened by the Notice;

"Notice of General Meeting" means the Notice of General Meeting which accompanies this Explanatory Memorandum;

"Resolution" means a resolution referred to the Notice of General Meeting;

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

"Shareholder" means a registered holder of Shares;

"Share Purchase Agreement" means the Share Purchase Agreement dated 16 March 2005 between the Gladstone Vendors and the Company.

ATTACHMENT 1

17 March 2005

HINDMARSH RESOURCES LIMITED

Hindmarsh Resources Acquires Extensive Uranium Exploration Portfolio in South Australia

The Directors of Hindmarsh Resources Limited ("**Hindmarsh**") are pleased to announce that Hindmarsh has signed an agreement with the shareholders of Gladstone Resources Limited ("**Gladstone**") to acquire all of its issued share capital by way of a scrip-for-scrip merger transaction. Gladstone has a portfolio of uranium exploration tenements under application in South Australia covering some 5,300 sq kms.

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

- 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; and
- 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.

The exploration licences (if all granted) within the Gladstone portfolio are estimated to cover some 5,300 sq kms and are situated either in the Gawler or adjacent to the Curnamona Cratons. The tenements are considered prospective for two uranium types - roll front deposits within Tertiary sands, where previous exploration has intersected uranium, or hematite hosted deposits within Precambrian bedrock.

In consideration for the shares in Gladstone, Hindmarsh shall issue to Gladstone shareholders 4.4 million fully paid ordinary shares in Hindmarsh at a deemed issue price of \$0.25 per share. This implies a transaction value of \$1.1 million. Gladstone shareholders will ultimately (post option exercise below) hold around 23% of Hindmarsh's issued capital.

The agreement is conditional upon, inter alia:

- Hindmarsh shareholder approval; and
- the granting of certain key exploration licences to Gladstone by the South Australian Government.

Concurrent with this transaction, Hindmarsh intends to:

- invite Messrs Richard Bonython and Ian Youles (currently directors of Gladstone) to join the Hindmarsh board and, in Mr Bonython's case, to assume the role of Chairman;
- raise \$1.5 million in cash through the exercise of the 6.55 million 23 cent Hindmarsh options. This raising is to be facilitated by Taylor Collison Limited.

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Mr Richard Bonython is currently a director of Minotaur Exploration Limited, Mithril Resources Limited and Petrathern Limited and brings many years corporate experience in the junior exploration field.

Mr Ian Youles is a qualified mining geologist with over 40 years experience in mineral exploration and mining geology on three continents. Of particular relevance and value to Hindmarsh, will be Mr Youles' background in uranium exploration, something he conducted from 1968 - 82. During this period, he was involved in outlining and resource definition of the uranium field, in the Mt Painter area of South Australia working for Exoil NL and later, as supervising geologist for the South Australian government evaluating reports on exploration for uranium in the area that includes the Beverley and Honeymoon deposits. From 1978 to 1982 he was South Australian manager of Oilmin NL where he was principally involved in exploring for uranium in haematite breccias similar to the Olympic Dam model. Mr Youles will be responsible for managing Hindmarsh's exploration program.

A notice of general meeting will be despatched shortly to Hindmarsh shareholders.

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