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# HINDMARSH RESOURCES LTD

ACN 106 444 857

# PROSPECTUS

**An underwritten offer of 2,750,000 fully paid ordinary Shares at an issue price of \$0.20 per Share to raise \$550,000 together with one free attaching option for every three Shares subscribed for at an exercise price of 25 cents per Share and with an exercise period of five years. Oversubscriptions to a total of 10,000,000 Shares and 3,333,333 Subscriber Options to raise \$2,000,000 may be accepted.**

**INVESTMENT IN THE COMPANY'S SHARES SHOULD BE CONSIDERED  
SPECULATIVE**

**Underwritten by Taylor Collison Ltd**

## **NSX Disclaimer**

**Application will be made for listing of the Company's securities offered by this Prospectus on the Stock Exchange of Newcastle Ltd.**

**The fact that the Stock Exchange of Newcastle Ltd may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities.**

**The Stock Exchange of Newcastle Ltd takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus.**

### **IMPORTANT NOTICES**

This Prospectus is dated 3 November 2003. It was lodged with the ASIC on 3 November 2003. Neither the ASIC nor the NSX takes any responsibility for the contents of this Prospectus. No Shares or Subscriber Options will be allotted or issued on the basis of this Prospectus later than the expiry date being the date which is 13 months after the date of this Prospectus.

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 the Company or its Directors.

Defined terms and abbreviations used in this Prospectus are explained in the Glossary.

This Prospectus provides information for investors to decide if they wish to invest in Hindmarsh Resources Ltd and should be read in its entirety.

In accordance with Chapter 6D of the Corporations Act 2001 this Prospectus is subject to an exposure period of 7 days from the date of lodgement with ASIC. This period may be extended by the 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 2001. 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 during the exposure period will be treated as if they were simultaneously received on the Opening Date.

### **IMPORTANT INFORMATION**

This Prospectus is important and should be read in its entirety, together with the application form attached to this Prospectus. If after reading this Prospectus you have any questions about the Shares or Subscriber Options being offered under this Prospectus or any other matter then you should consult your professional adviser.

**TABLE OF CONTENTS**

|   |           |
|---|-----------|
| <b>CORPORATE DIRECTORY</b>                                  | <b>1</b>  |
| <b>CHAIRMAN'S LETTER</b>                                    | <b>2</b>  |
| <b>OFFER SUMMARY AND KEY DATES</b>                          | <b>3</b>  |
| <b>1. INVESTMENT OVERVIEW</b>                               | <b>5</b>  |
| <b>2. DETAILS OF THE OFFER</b>                              | <b>9</b>  |
| <b>3. PROPOSED INVESTMENT ACTIVITIES</b>                    | <b>13</b> |
| <b>4. CORPORATE INFORMATION</b>                             | <b>14</b> |
| <b>5. RISK FACTORS</b>                                      | <b>16</b> |
| <b>6. INDEPENDENT ACCOUNTANT'S REPORT</b>                   | <b>19</b> |
| <b>7. ADDITIONAL INFORMATION</b>                            | <b>24</b> |
| <b>8. GLOSSARY AND INTERPRETATION</b>                       | <b>34</b> |
| <b>9. DIRECTORS' RESPONSIBILITY STATEMENT AND CONSENT</b>   | <b>37</b> |
| <b>APPLICATION FORMS AND GUIDE TO THE APPLICATION FORMS</b> | <b>38</b> |

## CORPORATE DIRECTORY

### Directors

Francis Creagh Henry O'Connor  
Simon Thomas O'Loughlin  
Robert James Sydney Greenslade

### Company Secretary

Peter Eric Cox

### Registered and Principal Office

c/- Gryphon Partners Pty Limited  
Ground Floor, 60 Hindmarsh Square  
Adelaide SA 5000

Telephone: 08 8418 8525  
Facsimile: 08 8223 5051

### Solicitors to the Company

O'Loughlins Lawyers  
Level 2, 99 Frome Street  
Adelaide SA 5000

### Share Registry

Computershare Investor Services Pty Ltd  
ABN 4807829277  
Level 5, 115 Grenfell Street  
Adelaide SA 5000  
Enquiries 1300 55 61 61  
Telephone: 08 8236 2300  
Facsimile: 08 8236 2305

### Independent Accountant

PKF Corporate (SA) Pty Ltd  
ABN 54 008 282 620  
1<sup>st</sup> Floor, 44 Greenhill Road  
Wayville SA 5034

### Auditors

PKF  
1<sup>st</sup> Floor, 44 Greenhill Road  
Wayville SA 5034

### Underwriters and Nominated Advisors

Taylor Collison Ltd  
ABN 53 008 172 450  
2<sup>nd</sup> Floor, 12 Pirie Street  
Adelaide SA 5000

and

2<sup>nd</sup> Floor, 55 Hunter Street  
Sydney NSW 2000

### Corporate Advisor

Gryphon Partners Pty Ltd  
Ground Floor  
60 Hindmarsh Square  
Adelaide SA 5000

**CHAIRMAN'S LETTER****HINDMARSH RESOURCES LTD****Ground Floor, 60 Hindmarsh Square, Adelaide SA 5000****Tel: 08 8418 8525****Facsimile: 08 8223 5051**

Dear Investor

**INVESTMENT IN HINDMARSH RESOURCES LTD**

On behalf of my fellow directors I have pleasure in inviting you to become a Shareholder of Hindmarsh Resources Ltd ("**Hindmarsh**" or "**the Company**").

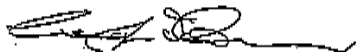
Hindmarsh is an investment company. Initially, the focus of the Company will be on investment opportunities in the resources sector, although the Board will consider other investments. A focus on resource investments is considered appropriate given the experience and background of the Board and the current underlying fundamentals for most resource metals.

Under this Prospectus, Hindmarsh is offering for subscription 2,750,000 Shares at an Application Price of \$0.20 per Share to raise \$550,000 together with one free attaching Subscriber Option for every three Shares subscribed for with a right to accept oversubscriptions of up to 10,000,000 Shares to raise an additional \$2,000,000. The Company's existing Shareholders are not selling any of their Shares in this Issue, nor will they receive any proceeds from this Issue.

The Company will have a cash asset backing of 17.9 cents per Share if 12,750,000 Shares are issued or 14.5 cents if there are no oversubscriptions.

On behalf of the Board of Hindmarsh, I commend this Prospectus to you and will be delighted to welcome you as a Shareholder.

Yours sincerely



Francis Creagh H O'Connor  
Chairman

## OFFER SUMMARY AND KEY DATES

This Prospectus provides the opportunity to participate in the Initial Public Offering of Hindmarsh Resources Ltd.

| Share Structure   | Minimum<br>Subscription | Maximum<br>Subscription |
|---|-------------------------|-------------------------|
| Number of existing Shares                                       | 983,333                 | 983,333                 |
| Number of new Shares offered under this Prospectus <sup>1</sup> | 2,750,000               | 12,750,000              |
| Number of Shares then on issue <sup>1</sup>                     | 3,733,333               | 13,733,333              |
| Number of Subscriber Options pursuant to this Prospectus        | 916,666                 | 4,250,000               |
| Number of Existing Options <sup>2</sup>                         | 333,333                 | 333,333                 |
| Number of Underwriter Options & Options <sup>3</sup>            | 11,000,000              | 1,000,000               |
| Application price per Share                                     | \$0.20                  | \$0.20                  |
| Market capitalisation at offer price (undiluted)                | \$746,666               | \$2,746,666             |

### Notes

1. Oversubscriptions of up to \$2,000,000 may be accepted.
2. Details of the Existing Options on issue are contained in Sections 7.8 and 7.12 of this Prospectus.
3. Details of the Options to be issued to the Underwriter are contained in sections 7.10 and 7.11 of this Prospectus.

### Indicative Timetable

|  |                  |
|--|------------------|
| Offer Opens:   | 10 November 2003 |
| Offer Closes:  | 8 December 2003  |
| Despatch of Statements of Shareholding:              | 15 December 2003 |
| Quotation of Shares on the NSX expected to commence: | 19 December 2003 |

These dates are indicative only and may change. The Underwriter has the right to close the Offer early or extend the Closing Date or decide to withdraw or otherwise not to proceed with the Offer or any component of the Offer or to reduce the size of the Offer, in each case without prior notice. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

**How to Invest**

Applications can only be made by completing and lodging an Application Form accompanying this Prospectus.

Instructions on how to apply are set out in Section 2 of this Prospectus and on the back of the Application Form. Applications for Shares must be for at least 10,000 Shares (\$2,000). Applications for more than 10,000 Shares must be in multiples of 1,000 Shares.

## 1. INVESTMENT OVERVIEW

### 1.1 About the Company

Hindmarsh is an investment company with an Australian focus, that is looking for investment opportunities in the resources sector. Currently, it does not have any investments. The Company was incorporated on 24 September 2003 and all share capital raised to date is retained (after payment of costs) in cash.

### 1.2 Cash Asset Backing

The Company will have a cash asset backing of 17.9 cents per share (maximum subscription) or 14.5 cents per share (minimum subscription) after paying the costs of making this Offer. The issue price is \$0.20 per share.

### 1.3 Purposes of the Offer

The key purposes of the Offer are to provide working capital for the Company to generate investment opportunities.

### 1.4 Expenditure Plans

The funds available for expenditure are:

|                        | <b>Minimum<br/>Subscription</b> | <b>Maximum<br/>Subscription</b> |
|------------------------|---------------------------------|---------------------------------|
| • Current Cash on Hand | \$50,010                        | \$50,010                        |
| • Funds Raised         | \$550,000                       | \$2,550,000                     |
| • Funds Available      | <b>\$600,010</b>                | <b>\$2,600,010</b>              |

The funds raised from the Offer will be broadly applied as follows:

#### Application of Funds

|  |                  |                    |
|--|------------------|--------------------|
| • Pay the expenses of the Issue estimated at     | \$60,000         | \$140,000          |
| • To fund the administration costs for 24 months | \$80,000         | \$120,000          |
| • Working/Investment capital                     | \$460,010        | \$2,340,010        |
|  | <b>\$600,010</b> | <b>\$2,600,010</b> |

### 1.5 Capital Structure

The existing capital structure as at the date of this Prospectus is:

|  | <b>No. of Shares</b> | <b>Amount Paid</b> |
|--|----------------------|--------------------|
| Shares held by Directors & Formation Capital | 983,333              | \$50,010.00        |
| Total Existing Capital                       | 983,333              | \$50,010.00        |
| Existing Options                             | 333,333              | Nil                |

The proforma capital structure as at the date of this Prospectus of Hindmarsh following completion of the Offer will be as follows:

• **Issued Share Capital (Minimum Subscription)**

|  | <b>No. of Shares</b> | <b>%</b>    | <b>Amount Paid</b> |
|--|----------------------|-------------|--------------------|
| Current issued share capital:                                      | 983,333              | 26.3%       | \$50,010           |
| Shares offered under this Prospectus                               | 2,750,000            | 73.7%       | \$550,000          |
| Total issued capital   | <u>3,733,333</u>     | <u>100%</u> | <u>\$600,010</u>   |
| Existing Options   | 333,333              |             | Nil                |
| Subscriber Options   | 916,666              |             | Nil                |
| Underwriter Options  | 1,000,000            |             | Nil                |
| Options (issued to Underwriter pursuant to Underwriting Agreement) | 10,000,000           |             | Nil                |

• **Issued Share Capital (Maximum Subscription)**

|                                      | <b>No. of Shares</b> | <b>%</b>    | <b>Amount Paid</b> |
|--------------------------------------|----------------------|-------------|--------------------|
| Current issued share capital:        | 983,333              | 7.2%        | \$50,010           |
| Shares offered under this Prospectus | 12,750,000           | 92.8%       | \$2,550,000        |
| Total issued capital                 | <u>13,733,333</u>    | <u>100%</u> | <u>\$2,600,010</u> |
| Existing Options                     | 333,333              |             | Nil                |
| Subscriber Options                   | 4,250,000            |             | Nil                |
| Underwriter Options                  | 1,000,000            |             | Nil                |

**Notes**

**Options**

Options may be issued pursuant to the Underwriting Agreement, exercisable at \$0.23 on or before 30 June 2006 upon the terms detailed in Section 7.10. The number of Options to be granted will be 12,750,000 less the number of Shares allotted under this Prospectus.

**Underwriter Options**

1,000,000 Underwriter Options exercisable at \$0.22 each within 5 years of the

date of grant will be issued to the Underwriter pursuant to the Underwriting Agreement upon the terms detailed in Section 7.11

### Subscriber Options

Subscriber Options will be issued pursuant to this Prospectus on the basis of one Subscriber Option for every three Shares subscribed for exercisable at \$0.25 per Share within 5 years of the date of grant on the terms detailed in Section 7.13.

### Existing Options

333,333 Existing Options have been issued to the seed capitalists on the basis of one Existing Option for every Share subscribed for exercisable at \$0.20 per Share within 5 years from the date of grant upon the terms detailed in Section 7.12.

## 1.6 Proforma Financials

The following table summarizes the Company's proforma balance sheet as at the date of this Prospectus, assuming completion in full of the Offer and should be read in conjunction with the detailed financial information in Section 3 and the Independent Accountant's Report in Section 6 of this Prospectus:

| <b>Balance Sheet Proforma<br/>As at date of this Prospectus</b> | <b>Minimum<br/>Subscription<br/>S'000</b> | <b>Maximum<br/>Subscription<br/>S'000</b> |
|---|---|---|
| Cash  | 540                                       | 2,460                                     |
| Total current assets  | 540                                       | 2,460                                     |
| <br>Total assets  | <br>540                                   | <br>2,460                                 |
| Liabilities   | Nil                                       | Nil                                       |
| <br>Net assets  | <br>540                                   | <br>2,460                                 |
| Capital raised  | 600                                       | 2,600                                     |
| Less, Issue expenses  | 60  | 140                                       |
| <br>Shareholders equity   | <br>540                                   | <br>2,460                                 |

## 1.7 Capital Position

Following completion of the Offer, it is expected that the Company will have adequate funds to finance its existing and planned capital expenditure requirements in the short term. Depending on the success of the Company's investment activities, Hindmarsh may require further debt or equity fundraisings in the medium term to facilitate growth.

## **1.8 Dividend Policy**

Hindmarsh is unlikely to pay a dividend for the financial year ending 30 June 2004.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon the availability of distributable earnings, the operating results and financial condition of Hindmarsh, future capital requirements, general business and financial conditions and other factors considered relevant by the Directors. No assurances in relation to the payment of future dividends, or the franking credits attached to such dividends, can be given to Shareholders.

## **2. DETAILS OF THE OFFER**

### **2.1 Introduction**

Hindmarsh is offering for subscription a total of 2,750,000 Shares at an Application Price of \$0.20 per Share to raise \$550,000 together with one free attaching Subscriber Option for every three Shares subscribed for exercisable at \$0.25 per Share within 5 years from the date of grant. All Shares offered under this Prospectus will rank equally with existing Shares. The rights attaching to the Shares are further described in Section 7.9 of this Prospectus. The terms and conditions of the Subscriber Options are set out in Section 7.13 of this Prospectus.

The Directors reserve the right to accept oversubscriptions of up to 10,000,000 Shares to raise an extra \$2,000,000.

The issue of 2,750,000 Shares is underwritten on the terms set out in the Underwriting Agreement referred to in Section 7.2 of this Prospectus.

This Prospectus provides information for investors to decide if they wish to invest in the Company, and should be read in its entirety. If you have any questions about the desirability of or procedure for investing in the Company, please contact your stockbroker, accountant or independent financial adviser.

Applications must be for a minimum of 10,000 Shares at the Application Price of \$0.20 per Share. Applications for more than 10,000 Shares must be in multiples of 1,000 Shares.

There are significant risks associated with an investment in the Company and the Shares and Subscriber Options offered under this Prospectus must be regarded as a speculative investment. The Shares and Subscriber Options offered under this Prospectus carry no guarantee whatsoever with respect to return on capital investment, payment of dividends or the future value of the Shares and Subscriber Options.

### **2.2 Minimum Subscription**

The minimum level of subscription pursuant to the Offer is 2,750,000 Shares at \$0.20 per Share to raise \$550,000 together with 916,666 free attaching Subscriber Options.

### **2.3 How to Apply for Shares & Subscriber Options**

Applications under the Offer may be made, and will only be accepted, on the relevant Application Form accompanying this Prospectus.

Application Forms, must be accompanied by a personal cheque or a bank draft payable in Australian dollars, drawn on an Australian registered bank for an amount equal to the number of Shares for which you wish to apply multiplied by the Application Price of \$0.20 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 or uncleared funds will result in the Application being rejected.

Applicants completing Application Forms should return their completed Application

Forms to Taylor Collison Ltd at the address shown in the Corporate Directory on the inside front cover of the Prospectus by no later than 5.00pm (CST) on the Closing Date.

Applications must be received no later than 5.00pm (CST) on the Closing Date. Detailed instructions on how to complete Application Forms are set out on the reverse of those forms. You are not required to sign the Application Form. Hindmarsh 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.

#### **2.4 When to Apply**

The Offer will be opened at 9.00 a.m. CST on 10 November 2003 and will remain open until 5.00 p.m. CST on 8 December 2003, subject to the right of the Underwriter to either close the Offer 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. The Underwriter has the right to close the Offer early.

#### **2.5 Indicative Timetable**

|  |                  |
|--|------------------|
| Offer Opens:   | 10 November 2003 |
| Offer Closes:  | 8 December 2003  |
| Despatch of Statements of Shareholding:              | 15 December 2003 |
| Quotation of Shares on the NSX expected to commence: | 19 December 2003 |

The above dates are indicative only.

#### **2.6 Allotment of Shares & Subscriber Options**

The allotment of Shares and Subscriber Options to Applicants will occur as soon as practicable after Applications and Application Monies have been received for all the Shares, but no earlier than 7 days after this Prospectus was lodged with the ASIC, after which statements of shareholding and optionholding will be despatched. It is the responsibility of Applicants to determine their allocation prior to trading in Shares or Subscriber Options. Applicants trading Shares or Subscriber Options before they receive their statements of shareholding and optionholding will do so at their own risk.

Taylor Collison Ltd reserves the right to reject any Application or to allocate to any Applicant a lesser number of Shares and Subscriber Options than those applied for.

All Application Monies received with Applications will be held by the Company until the allocations are determined. If an allocation is not accepted, or is accepted in part only, the relevant part of the Application Monies will be refunded without interest.

#### **2.7 Underwriting**

The Offer is underwritten to the extent of the minimum subscription amount of 2,750,000 Shares at \$0.20 per Share by Taylor Collison Ltd which will receive

commission of 3.0% of the underwritten amount and 1,000,000 Underwriter Options and, depending upon the number of Shares subscribed for under this Prospectus, that number of additional Options referred to in Section 2.8.

Applications made on Application Forms and received by the Company that bear the identification mark of an entity that is a member of the Australian Stock Exchange Ltd or holds a dealers licence issued by the ASIC, will entitle the entity to receive up to a 3.0% handling fee, payable by the Company, on Application Monies which are accepted at the Company's sole and absolute discretion.

## **2.8 Options**

In addition to the Underwriter Options, the Underwriting Agreement requires the Company to issue Options to the Underwriter as detailed in section 7.10. The number of Options shall be calculated by deducting from 12,750,000 the number of Shares allotted under this Prospectus. If the Maximum Subscription is achieved no additional Options will be issued to the Underwriter. Neither the Underwriter Options nor any additional Options issued to Taylor Collison Ltd will be listed on the NSX.

## **2.9 Applicants outside Australia**

This Prospectus does not constitute an offer of Shares or Subscriber Options in any jurisdiction where, or to any person to whom, it would be not be lawful to issue the Prospectus. It is the responsibility of any Applicant outside Australia to ensure compliance with all laws of any country relevant to their Application.

No action has been taken to register or qualify the Shares or Subscriber Options or the Offer or otherwise to permit a public offering of the Shares or Subscriber Options in any jurisdiction outside Australia. The Shares and the Subscriber Options have not been, and will not be, registered under the United States Securities Act of 1933 and, subject to certain exceptions, may not be offered or sold within the United States of America.

## **2.10 Stock Exchange of Newcastle Ltd Listing**

Hindmarsh will apply to the NSX within 7 days from the date of this Prospectus to be admitted to the Official List and for quotation of the Shares and the Subscriber Options on the NSX. If granted, Official Quotation will commence as soon as practicable after the allotment of the Shares and Subscriber Options to investors. The NSX takes no responsibility for the contents of this Prospectus. The fact that the NSX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Company or the Shares or Subscriber Options offered pursuant to this Prospectus.

If Hindmarsh is not admitted to the Official List of the NSX and the Shares and Subscriber Options offered under this Prospectus are not granted Official Quotation within 3 months after the date of this Prospectus, none of the Shares or Subscriber Options offered under this Prospectus will be allotted and all Application Monies will be refunded without interest to Applicants within the time prescribed by the Corporations Act 2001.

## **2.11 CHESSE**

The Company will apply to be admitted to participate in the Clearing House Electronic

Subregister System ("CHESS"), in accordance with NSX Listing 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 shares.

The Company will not issue certificates to shareholders or optionholders. Shareholders and Optionholders who elect to hold shares or options on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement), which sets out the number of Shares and Subscriber Options allotted to the shareholder under this Prospectus. At the end of the month of allotment, CHESS (acting on behalf of the Company) will provide shareholders and optionholders with a holding statement that confirms the number of shares and options held.

A holding statement (whether issued by CHESS or the Company) will also provide details of a Shareholder's Holder Identification Number in the case of a holding on the CHESS sub-register or Shareholder Reference Number in the case of a holding in the issuer-sponsored sub-register. Following distribution of these initial holding statements to all shareholders and holders of Subscriber Options, a holding statement will also be provided to a shareholder or optionholder at the end of any subsequent month during which the balance of the shareholder's holding of shares or options changes.

#### **2.12 Enquires regarding the Offer**

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If you have any questions regarding the content of this Prospectus or how to complete the Application Form, please contact your stockbroker, accountant, lawyer or independent financial adviser.

#### **2.13 Restricted Securities**

NSX may, as a condition of granting the Company's application for Official Quotation of its shares, classify certain of its existing shares and Existing Options as restricted securities. If so, prior to the Official Quotation of the Company's Shares and Subscriber Options, the holders of the restricted securities will be required to enter into restriction agreements with the Company and an escrow agent. The terms of any such restriction agreement will be as determined by NSX in accordance with the Listing Rules of NSX. Any such restriction agreements or escrow agreements will prohibit the transfer of effective ownership or control of those securities subject to those restrictions for such period as NSX may determine unless the written consent of NSX is obtained to any such transfer.

#### **2.14 Speculative Nature of Offer and Projects**

This Prospectus and the project in which the Company may invest should be considered as speculative given the nature of the resources industry and the risks discussed in Section 5 of the Prospectus.

### **3. PROPOSED INVESTMENT ACTIVITIES**

The Board has determined to focus on investment in small to medium sized resource opportunities, both listed and unlisted. Specifically, the Company intends:

- (a) to assist in the development of small to medium sized resource companies and projects with above average growth prospects;
- (b) to provide financial support by way of equity to superior and proven management teams;
- (c) to invest in small to medium sized resource companies where operations can be valuably expanded;
- (d) to invest in companies where research and subsequent evaluation demonstrates a difference between the company's present value and its potential realisable value; and
- (e) to minimise investment risk by investment across a portfolio of investments.

## **4. CORPORATE INFORMATION**

### **4.1 Board of Directors and Company Secretary**

#### **Creagh O'Connor - Chairman**

Age - 42

Creagh 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.

#### **Robert Greenslade – Non-Executive Director**

Age - 38

Rob is a founding Director of a boutique investment bank, Gryphon Partners, specialising in resource and energy transactions.

Prior to 2002, Rob was Group Executive Corporate for Normandy Mining Limited heading up the company's corporate division. Following the takeover of Normandy by Newmont Mining Corporation Inc., he was appointed Vice President of Newmont Capital responsible for the Group's Australian and Asian Pacific corporate and business development activities.

#### **Simon O'Loughlin – Non-Executive Director**

Age - 46 years

Simon is a solicitor and partner with O'Loughlins Lawyers. His specialisations include corporate and mining law, taxation and revenue law and capital raisings. He is a director of Gowit Ltd and Waymouth Resources Ltd and of a large unlisted public company involved in the recruitment industry

Simon has substantial experience in corporate law and practice with a particular focus on small to medium size resources and other companies.

### **4.2 Management**

The Board has extensive business experience in public companies and resource companies. The directors will engage expertise by way of consultants to assist in exploration, resource analysis, project identification and technical expertise.

### **4.3 Corporate Governance Practices and Conduct**

The Board has adopted corporate governance policies which are summarised below. The Board is responsible for the governance of the Company including its strategic development and the direction and control of the operations of the Company and its

subsidiaries. Subject to the Company's constitution, the issues of Board composition and the selection criteria for Directors are dealt with by the Board. The Board is committed to the regular review of its performance to ensure that the Board continues to have a mix of skills and experience necessary for the conduct of the activities of the Company.

Directors, in carrying out their duties as Directors, may, after prior consultation with the Chairman, seek independent advice at the expense of the Company.

The Directors have resolved that because of the limited size and nature of the Company, separate audit, remuneration and risk and compliance committees will not immediately be formed. All of the Directors are non-executive and as part of their ongoing responsibilities attend to the functions normally conducted by such committees.

## 5. RISK FACTORS

The Company's business operations are subject to risks which may impact its future performance. In addition to the other information set out in this Prospectus, the following risk factors should be considered carefully in evaluating Hindmarsh and its business before subscribing for the shares offered under this Prospectus.

Some of these risks can be mitigated by use of contingency plans and safeguards. Acquiring shares in Hindmarsh will expose investors to a number of risks. These can be broadly classified as those general to investing in the share market, and risks associated specific to an investment in Hindmarsh and its potential underlying investments.

### 5.1 Business Risks

Investment in the resources sector involves elements of significant risk. The success of activities in the resources sector 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, 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 resource projects depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful projects development and mining operations.

### 5.2 Economic and Government 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 and Subscriber Options are

listed on NSX, the price of the Shares or Subscriber Options may fall as well as rise. Many factors will affect the price of the Shares and Subscriber Options 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 be a significant influence on the outlook for companies and the return to investors.

#### 5.2.4 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 gold copper or nickel may have an effect on the Company.

#### 5.2.5 Native Title Claim

Native Title claims have the potential to cause significant delays to exploration. In assessing investment opportunities the Company will consider the position with respect to native title and rights of access to, and exploration and development of project areas.

### 5.3 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 project areas in which the Company has an interest. 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.

### 5.4 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.

## **5.5 Investment Risk**

While the Company will attempt to minimise the risks associated with its investments, it is not possible to remove all risks, especially investments in the resources sector.

## **5.6 Further Risks Specific to the Company**

The 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) the Company will be engaging external consultants;
- (d) unanticipated operational and technical difficulties encountered in seismic survey, drilling and production activities;
- (e) mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events
- (f) unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;
- (g) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- (h) 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);
- (i) uninsured losses and liabilities.

## **5.7 Risks Associated with Investment Companies Generally**

- (a) There is a risk that Hindmarsh may not find a suitable investment quickly or at all.
- (b) Administration costs will be incurred irrespective of whether or not investments are found.
- (c) There is no guarantee that any investment made by Hindmarsh will be in the resources sector.
- (d) Any investment will have inherent risks.

A Member Firm of PKF International



Chartered Accountants  
& Business Advisers

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## 6. INDEPENDENT ACCOUNTANT'S REPORT

3 November 2003

The Directors  
Hindmarsh Resources Ltd  
Level 2  
99 Frome Street  
ADELIADE SA 5000

Gentlemen

### Independent Accountant's Report

This report has been prepared, at your request, for inclusion in a prospectus to be issued by Hindmarsh Resources Ltd (Hindmarsh) dated on or about 3 November 2003 (the Prospectus), in relation to the issue of up to 12,750,000 shares in Hindmarsh at an issue price of \$0.20 each.

### Scope of Our Report

You have requested that PKF Corporate (SA) Pty Ltd report on whether anything has come to our attention that would indicate that the financial information disclosed in Section 1 of the Prospectus does not present fairly:

- Hindmarsh's results for the period from 24 September 2003, the date Hindmarsh was registered, to 31 October 2003; and
- Hindmarsh's assets and liabilities as at 31 October 2003, both historical and assuming that the Offer and all of the transactions outlined in Section 1 of the Prospectus had taken place on that date.

This financial information has been reproduced at Appendix A to this report, including the financial reporting framework and details of adjustments to the historical financial position.

The Directors of the Hindmarsh are responsible for the preparation and presentation of the financial information as set out in Section 1 of the Prospectus, including the assumptions detailed in that Section on which they are based.

In our role as Independent Accountant in relation to the Prospectus, we have reviewed this financial information in accordance with Australian auditing standards applicable to review engagements, in particular Auditing Standard AUS 902 - Review of Financial Reports. Such a review is limited primarily to inquiries of Hindmarsh's directors and analytical procedures applied to the financial information. These procedures do not provide all of the evidence that would be required in an audit and, accordingly, we do not express an audit opinion.

Expressions used in this report that are defined in the Prospectus have the same meaning as in the Prospectus.

### Financial Information

The historical financial information has been derived from Hindmarsh's unaudited financial statements for the period from 24 September to 31 October 2003.

Hindmarsh did not trade during the period from 24 September to 31 October 2003.

Hindmarsh's financial position as at 31 October 2003 reflects the issue of 650,000 shares to Hindmarsh's directors and the issue of 333,333 shares by way of formation capital.

Page 2  
3 November 2003  
Hindmarsh Resources Ltd

No other transactions occurred during the period from 24 September to 31 October 2003. Whilst Hindmarsh had commenced work in preparing the Prospectus during this period, no expenditure had been incurred to 31 October 2003.

Hindmarsh's proforma statements of financial position as at 31 October 2003 reflect the completion of the Offer as though it had taken place on 31 October 2003 and:

- To reflect the completion of the minimum subscription under the Offer, includes the following transactions:
  - The issue of 2,750,000 shares for \$0.20 each, being the minimum subscription under the Offer; and
  - Costs of \$60,000 associated with the issue; and
- To reflect the acceptance of the maximum oversubscription under the Offer, includes the following transactions:
  - The issue of a further 10,000,000 shares for \$0.20 each, being the maximum oversubscription under the Offer; and
  - Further costs of \$80,000 associated with the issue.

#### **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 disclosed in Section 1 of the Prospectus and reproduced at Appendix A to this report does not present fairly:

- Hindmarsh's historical results for the period from 24 September to 31 October 2003;
- The historical statement of financial position as at 31 October 2003; and
- The proforma statements of financial position as at 31 October 2003, as they would appear assuming that certain subsequent transactions had taken place as at that date as outlined above.

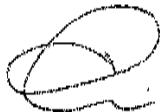
#### **Subsequent Events**

To the best of our knowledge and belief, there have been no material items, transactions or events, outside the ordinary course of Hindmarsh's business, that have occurred subsequent to 31 October 2003, which are not otherwise disclosed in the Prospectus that require comment upon or adjustment to the information referred to in this report or which would cause such information to be misleading or deceptive.

#### **Independence**

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

Yours faithfully  
**PKF CORPORATE (SA) PTY LTD**



**D A MAJOR**  
Director  
Email: dan\_major@pkf.com.au

**PKF**

## Hindmarsh Resources Ltd

### Statement of Financial Performance

Hindmarsh did not trade during the period from 24 September to 31 October 2003, deriving no revenue and incurring no expenditure.

The statement of financial performance should be read in conjunction with the accompanying notes.

### Statements of Financial Position as at 31 October 2003

Set out below is Hindmarsh's unaudited statement of financial position as at 31 October 2003 and its proforma statements of financial position as at 31 October 2003, incorporating the transactions in Note 2.

The first proforma statement of financial position shows Hindmarsh's financial position on the assumption that the minimum subscription is taken up under the Offer and the second proforma statement of financial position shows Hindmarsh's financial position on the assumption that the maximum oversubscription under the Offer is accepted.

|                                   |      | Historical      | Proforma<br>Minimum<br>Subscription | Proforma<br>Maximum<br>Subscription |
|-----------------------------------|------|-----------------|-------------------------------------|-------------------------------------|
|                                   |      | 31 October 2003 | 31 October 2003                     | 31 October 2003                     |
|                                   | Note | \$              | \$                                  | \$                                  |
| <b>Assets</b>                     |      |                 |                                     |                                     |
| <b>Current Assets</b>             |      |                 |                                     |                                     |
| Cash                              |      | 50,010          | 540,010                             | 2,460,010                           |
| <b>Total Current Assets</b>       |      | <b>50,010</b>   | <b>540,010</b>                      | <b>2,460,010</b>                    |
| <b>Total Assets</b>               |      | <b>50,010</b>   | <b>540,010</b>                      | <b>2,460,010</b>                    |
| <b>Net Assets</b>                 |      | <b>50,010</b>   | <b>540,010</b>                      | <b>2,460,010</b>                    |
| <b>Shareholders' Equity</b>       |      |                 |                                     |                                     |
| Issued capital                    | 3    | 50,010          | 540,010                             | 2,460,010                           |
| Retained profits                  |      | -               | -                                   | -                                   |
| <b>Total Shareholders' Equity</b> |      | <b>50,010</b>   | <b>540,010</b>                      | <b>2,460,010</b>                    |

The historical and proforma statements of financial position should be read in conjunction with the accompanying notes.

## **Hindmarsh Resources Ltd**

### **Notes to and Forming Part of the Financial Statements**

#### **1. Financial Reporting Framework**

The financial information included in this report has been prepared in accordance with applicable accounting standards and other mandatory professional reporting requirements.

The financial information has been prepared on the basis of historical costs and does not take into account changing money values or current valuations of non-current assets. Cost is based on fair values of the consideration given in exchange for assets.

The following significant accounting policies have been adopted in the preparation and presentation of the financial information and will be used in the preparation of subsequent financial reports.

(a) **Share Issue Costs**

Costs incurred directly attributable to the issue of shares are deducted from the proceeds of the issue.

(b) **Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure is considered separately for each area of interest.

Exploration and evaluation expenditure related to an area of interest will be written off as incurred, except that it may be carried forward provided that rights to tenure of the area of interest are current and provided further that at least one of the following conditions is met:

- (i) Such expenditure is expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; and
- (ii) Exploration and evaluation activities in the area of interest have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

#### **2. Proforma Statements of Financial Position**

The proforma statement of financial position as at 31 October 2003 that reflects the completion of the minimum subscription under the Offer as though it had taken place on 31 October 2003 (Proforma Minimum Subscription) includes the following transactions:

- The issue of 2,750,000 shares for \$0.20 each; and
- Costs of \$60,000 associated with the issue.

The proforma statement of financial position as at 31 October 2003 that reflects the completion of the minimum subscriptions under the Offer and the acceptance of the maximum oversubscription under the Offer as though it had taken place on 31 October 2003 (Proforma Maximum Subscription) includes the following transactions:

- The issue of 12,750,000 shares for \$0.20 each; and
- Costs of \$140,000 associated with the issue.

## Hindmarsh Resources Ltd

### Notes to and Forming Part of the Financial Statements

#### 3. Share Capital

|   | Number of<br>Shares      | \$                        |
|---|--------------------------|---------------------------|
| (a) On the assumption that the minimum subscription is taken up under the Offer     |                          |                           |
| Shares on issue at the date of the Offer  | 983,333                  | <u>50,010</u>             |
| Shares issued pursuant to the Prospectus  | 2,750,000                | 550,000                   |
| Less: Costs associated with the issue   |                          | <u>60,000</u>             |
|   |                          | <u>490,000</u>            |
|   | <b><u>3,733,333</u></b>  | <b><u>\$540,010</u></b>   |
| (b) On the assumption that the maximum oversubscription under the Offer is accepted |                          |                           |
| Shares on issue at the date of the Offer  | 983,333                  | <u>50,010</u>             |
| Shares issued pursuant to the Prospectus  | 12,750,000               | 2,550,000                 |
| Less: Costs associated with the issue   |                          | <u>140,000</u>            |
|   |                          | <u>2,410,000</u>          |
|   | <b><u>13,733,333</u></b> | <b><u>\$2,460,010</u></b> |

As at 31 October 2003 the Company had issued 333,333 options to acquire shares in the Company under the terms set out in Section 7.12 of the Prospectus.

Further options to acquire shares in the Company will be issued to subscribers under the Prospectus and to the Underwriter as outlined in the Prospectus.

#### 4. Financial Reporting by Segments

The Company currently operates as an investor in Australia.

#### 5. Related parties

The Directors of Hindmarsh are Francis Creagh Henry O'Connor, Simon Thomas O'Loughlin and Robert James Sydney Greenslade, all of whom have been directors since registration.

Other than the issue of shares to the Directors, no transactions have taken place between Hindmarsh and the Directors.

## **7. ADDITIONAL INFORMATION**

### **7.1 Company's Tax Status**

The Company will be taxed on its income as an Australian resident at the prevailing corporate tax rate, which, for the income year ended 30 June 2003, is 30%.

### **7.2 Material Contracts**

Set out below is a summary of the more important provisions of the contract to which the Company is a party and which is or may be material in terms of the Offer or the operations of the business of the Company or otherwise is or may be relevant to an investor who is contemplating this Offer.

To fully understand all rights and obligations in the material contract it is necessary to read it in full.

Set out below is a brief summary of the more important provisions of the Underwriting Agreement, being the only material contract to which the Company is a party.

#### *Underwriting Agreement*

The parties to this Agreement, which is dated 3 November 2003, are the Company and Taylor Collison Ltd. Pursuant to the Agreement Taylor Collison Ltd agrees to underwrite the issue of 2,750,000 Shares at \$0.20 cents per Share to raise \$550,000 subject to the following terms and conditions:

- The Underwriter may terminate the Agreement if there is an adverse change in circumstances.
- The Underwriter may vary the Closing Date by up to three months.
- The Underwriter is entitled to a fee of \$16,500.00 being 3% of the underwritten amount plus the issue of 1,000,000 Underwriter Options exercisable at \$0.22 per Share with an expiry date of 5 years after the date of grant.
- Any oversubscriptions obtained under the Prospectus will attract a handling fee of 3% of the amount subscribed.
- The Underwriter is to be paid a management fee of \$10,000.
- The Underwriter's expenses and disbursements are to be fully reimbursed by the Company.
- The Underwriter is to be issued that number of options, exercisable at \$0.23 per Share with an expiry date of 30 June 2006, which is equal to the difference between 12,750,000 and the number of Shares subscribed for pursuant to this Prospectus. These Options will be unlisted and non-transferable.

### **7.3 Litigation**

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

## 7.4 Directors' Relevant Interests

### 7.4.1 Directors' Shareholdings

Directors are not required under the constitution of the Company to hold any Shares.

As at the date of this Prospectus, the Directors have the following relevant interests in Shares and Options immediately prior to the lodgement of the Prospectus with the ASIC.

| Director                  | Relevant Interest in Shares | Options |
|---------------------------|-----------------------------|---------|
| Francis Creagh H O'Connor | 333,333                     | 133,333 |
| Robert J Greenslade       | 333,333                     | 133,333 |
| Simon O'Loughlin          | 191,667                     | 66,667  |

### 7.4.2 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 securities; 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 agreed to be paid 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 his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer of the securities.

### 7.4.3 Remuneration of Directors

The Company's constitution provides that the Directors are entitled to remuneration out of the funds of the Company as determined by the Directors 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 will be no more than \$150,000 per annum (allowing for the appointment of future Directors) to be apportioned among the non-executive Directors in such manner as they determine. The aggregated fees currently payable to non-executive Directors and the chairman as at the date of this Prospectus is nil. Executive Directors will not receive fees as Directors.

The current Directors do not intend to receive directors' fees for the period to 30 June 2004.

Non-executive Directors are 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.

## 7.5 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 in which any of those persons is or was associated with, 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 of Shares 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 agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

- PKF Corporate (SA) Pty Ltd has provided the Independent Accountant's Report in Section 6. The Company has paid or agreed to pay \$2,000 for these services to the date of this Prospectus.
- PKF have agreed to act as auditors of the Company. To date no audit of the Company has been conducted.
- O'Loughlins Lawyers have acted as solicitors to Hindmarsh in relation to this Prospectus and in that capacity has been involved in undertaking due diligence enquiries in relation to the legal matters (apart from tax). In respect of this work, Hindmarsh will pay approximately \$7,000 for these services.
- Taylor Collison Ltd has acted as underwriter and nominated advisor to Hindmarsh in relation to this Prospectus. In respect of this work, Hindmarsh will pay approximately \$26,500 underwriting and management fee, grant 1,000,000 Underwriter Options and subject, to Section 7.10, grant Options for these services. The Company will also pay a handling fee of 3.0% on Oversubscriptions and pay all reasonable costs and expenses incurred by the Underwriter in relation to the Offer

and the Prospectus.

- Gryphon Partners Pty Ltd has acted as corporate advisor to Hindmarsh in relation to this Prospectus. In respect of this work, Hindmarsh will not pay any fee.

## 7.6 Estimated Expenses of the Offer

Estimated expenses connected with the Offer including fees of solicitors, independent accountants, printing and other miscellaneous expenses are payable by the Company. These estimated expenses are as follows:

|  | <b>Minimum<br/>Subscription</b> | <b>Maximum<br/>Subscription</b> |
|--|---------------------------------|---------------------------------|
| Independent Accountant's Report                                      | \$2,000                         | \$2,000                         |
| Legal expenses   | \$7,000                         | \$7,000                         |
| Printing, Posting and other Miscellaneous<br>Offer and Listing Costs | \$19,500                        | \$39,000                        |
| Handling Fees  | \$26,500                        | \$86,500                        |
| NSX Listing Fees   | \$5,000                         | \$5,500                         |
| <b>TOTAL</b>   | <b>\$60,000</b>                 | <b>\$140,000</b>                |

## 7.7 Consents

Each of the parties referred to in this Section 7.7:

- 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 7.7; 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 the consent of that party as specified in this Section 7.7.

PKF Corporate (SA) Pty Ltd has given its written consent to the inclusion in Section 6 of this Prospectus of its Independent Accountant's Report and to all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

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

O'Loughlins Lawyers have given their written consent to being named in this Prospectus as the Solicitors to the Company. O'Loughlins Lawyers have not withdrawn their consent before lodgement of this Prospectus with the ASIC.

Taylor Collison Ltd has given its written consent to being named in this Prospectus as the Underwriter and Nominated Advisor and has not withdrawn its consent before lodgement of this Prospectus with the ASIC.

Gryphon Partners Pty Ltd has given its written consent to being named in this Prospectus as the Corporate Advisor and has not withdrawn its consent before lodgement of this Prospectus with the 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.

For the purposes of the Corporations Act, notwithstanding that it may be referred to elsewhere in the Prospectus as the auditor of the Company, PKF has not been involved in the preparation of any part of the Prospectus nor has it authorised or caused the issue of any part of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of the Prospectus.

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

### 7.8 Details of the Existing Shares, Shareholders and Optionholders

The holders of Shares and Existing Options on issue as at the date of this Prospectus are as follows:

| Shareholders/Optionholders | No. of shares in the Company | No. of Existing Options |
|----------------------------|------------------------------|-------------------------|
| Francis Creagh H O'Connor  | 200,000                      | -                       |
| Robert J Greenslade        | 200,000                      | -                       |
| Simon O'Loughlin           | 191,667                      | 66,667                  |
| Gryphon Partners Pty Ltd   | 266,666                      | 266,666                 |
| Peter E Cox                | 125,000                      | -                       |

### 7.9 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 NSX 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 NSX.

#### 7.9.1 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.

#### 7.9.2 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 NSX 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.

#### 7.9.3 Issue 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 NSX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

#### 7.9.4 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 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.

#### 7.9.5 Transfer of Shares

Subject to the Company's Constitution, the Corporations Act, SCH Business Rules and the NSX Listing Rules, ordinary shares are freely transferable.

The shares may be transferred by a proper transfer effected in accordance with SCH Business Rules, by any other method of transferring or dealing introduced by NSX 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 NSX 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 NSX Listing Rules or by the SCH Business Rules.

#### 7.9.6 Partly Paid Shares

The Directors may, subject to compliance with the Company's Constitution, the Corporations Act and the NSX 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.

#### 7.9.7 Dividends

The Directors may authorise the payment to the members of such dividends as appear to the Directors to be justified by the Company's profits and for that purpose may declare such dividends.

The Company in general meeting may determine a dividend, but may only do so if Directors have recommended a dividend. The dividend so determined cannot exceed the dividend recommended by the Directors.

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.

#### 7.9.8 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.

#### 7.9.9 Dividend Plans

The members of the Company, in general meeting, or the directors 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.

#### 7.9.10 Directors

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

#### 7.9.11 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 NSX Listing Rules or the Company's Constitution.

## **7.10 Terms of Options**

Set out below are the terms of Options to be issued to Taylor Collison Ltd if the total number of Shares subscribed for under this Prospectus is less than 12,750,000 Shares:

- 7.10.1 The exercise price of each Option is 23 cents cash.
- 7.10.2 Any Shares issued pursuant to the exercise of any of the Options will be issued on the same terms as all of the other Shares that are issued pursuant to this Prospectus, and will rank in all respects on equal terms with the other existing fully paid Shares.
- 7.10.3 The Options are exercisable at any time after the date of grant and prior to the expiry date which is 30 June 2006.
- 7.10.4 An Option will not entitle the holder to participate in any new issue of Shares by the Company unless it has been exercised prior to the relevant record date.
- 7.10.5 Some or all of the Options may be exercised at any one time or times prior to the expiry date provided that no less than 10,000 Options are exercised at any one time.
- 7.10.6 The Options are not transferable and accordingly will not be listed on the NSX.
- 7.10.7 Should the Company reorganise its capital then the number of Options and the exercise price will be reconstructed in the same proportion to ensure that the holder of the Option will not receive a benefit or suffer a detriment which is not conferred upon or suffered by holders of ordinary shares.
- 7.10.8 The Options shall lapse if the Company places 20% or more of the Company's issued share capital in aggregate between the date of grant and the date of exercise of the Option.
- 7.10.9 The number of Options to be granted shall be calculated by deducting from 12,750,000 the number of Shares issued pursuant to the Prospectus.
- 7.10.10 The Options shall lapse if there is a change in control of Taylor Collison Ltd.

## **7.11 Terms of Underwriters Options**

Set out below are the terms of Underwriter Options to be issued pursuant to the Underwriting Agreement:

- 7.11.1 The exercise price of each Underwriter Option is 22 cents cash.
- 7.11.2 Any Shares pursuant to the exercise of any of the Underwriter Options will be issued on the same terms as all of the other Shares that are issued pursuant to this Prospectus, and will rank in all respects on equal terms with the other existing fully paid Shares.
- 7.11.3 The Underwriter Options are exercisable at any time after the date of grant and prior to the expiry date which is 5 years after the date of grant.

- 7.11.4 An Underwriter Option will not entitle the holder to participate in any new issue of Shares by the Company unless it has been exercised prior to the relevant record date.
- 7.11.5 Some or all of the Underwriter Options may be exercised at any one time or times prior to the expiry date provided that no less than 10,000 Options are exercised at any one time.
- 7.11.6 Each of the Underwriter Options is freely transferable.
- 7.11.7 Should the Company reorganise its capital then the number of Underwriter Options and the exercise price will be reconstructed in the same proportion to ensure that the holder of the Underwriter Option will not receive a benefit or suffer a detriment which is not conferred upon or suffered by holders of ordinary shares.

## **7.12 Terms of Existing Options**

Set out below are the terms of Existing Options issued prior to the date of this Prospectus:

- 7.12.1 The exercise price of each Existing Option is 20 cents cash.
- 7.12.2 Any Shares issued pursuant to the exercise of any of the Existing Options will be issued on the same terms as all of the other Shares that are issued pursuant to this Prospectus and will rank in all respects on equal terms with the other existing fully paid Shares.
- 7.12.3 The Existing Options are exercisable at any time after the date of grant and prior to the expiry date which is 5 years after the date of grant.
- 7.12.4 An Existing Option will not entitle the holder to participate in any new issue of Shares by the Company unless it has been exercised prior to the relevant record date.
- 7.12.5 Some or all of the Existing Options may be exercised at any one time or times prior to the expiry date.
- 7.12.6 Each of the Existing Options is freely transferable.
- 7.12.7 Should the Company reorganise its capital then the number of Existing Options and the exercise price will be reconstructed in the same proportion to ensure that the holder of the Existing Options will not receive a benefit or suffer a detriment which is not conferred upon or suffered by holders of ordinary shares.

## **7.13 Terms of Subscriber Options**

Set out below are the terms of Subscriber Options to be issued pursuant to this Prospectus:

- 7.13.1 The exercise price of each Subscriber Option is 25 cents cash.
- 7.13.2 Any Shares issued pursuant to the exercise of any of the Subscriber Options will be issued on the same terms as all of the other Shares that are issued

pursuant to this Prospectus and will rank in all respects on equal terms with the other existing fully paid Shares.

- 7.13.3 The Subscriber Options are exercisable at any time after the date of grant and prior to the expiry date which is 5 years after the date of grant.
- 7.13.4 A Subscriber Option will not entitle the holder to participate in any new issue of Shares by the Company unless it has been exercised prior to the relevant record date.
- 7.13.5 Some or all of the Subscriber Options may be exercised at any one time or times prior to the Expiry Date.
- 7.13.6 Each of the Subscriber Options is freely transferable and application will be made to list the Subscriber Options on the NSX.
- 7.13.7 Should the Company reorganise its capital then the number of Subscriber Options and the exercise price will be reconstructed in the same proportion to ensure that the holder of the Subscriber Options will not receive a benefit or suffer a detriment which is not conferred upon or suffered by holders of ordinary shares.

## 8. GLOSSARY AND INTERPRETATION

### 8.1 Glossary

"**AS**" 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 Price**" means \$0.20 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;

"**Auditor**" means PKF;

"**Board**" means the Board of Directors of the Company unless the context indicates otherwise;

"**Business Day**" means a day on which the trading banks are open in Adelaide;

"**Chairman**" means the chairman of the Board;

"**CHESS**" means ASX Clearing House Electronic Subregistry System;

"**Closing Date**" means the date on which the Offer closes;

"**Company**" or "**the Company**" means Hindmarsh Resources Ltd ACN 106 444 857;

"**Completion of the Offer**" means the allotment of all the Shares and Subscriber Options offered under this Prospectus;

"**Corporate Directory**" means the directory contained in this Prospectus outlining the particulars of certain parties;

"**Corporations Act 2001**" or "**Act**" means the Corporations Act 2001 of Australia;

"**CST**" means Central Standard Time the time applicable in Adelaide, South Australia.

"**Directors**" means directors of Hindmarsh unless the context indicates otherwise;

"**email**" means an electronic mail service that allows users to send and receive messages via the Internet;

"**Existing Options**" means the options described in Section 7.12 of this Prospectus;

"**HIN**" means holder identification number;

"**Hindmarsh**" means Hindmarsh Resources Ltd ACN 106 444 857;

**"Independent Accountant"** means PKF Corporate (SA) Pty Ltd;

**"Independent Accountant's Report"** means the report in Section 6;

**"Initial Public Offering"** or **"IPO"** means the first offering of shares pursuant to a prospectus;

**"Issue"** means the issue of not less than 2,750,000 Shares and 916,666 Subscriber Options and not more than 12,750,000 Shares and 4,250,000 Subscriber Options 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 CHES;

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

**"Maximum Subscription"** means the issue of 12,750,000 Shares and 4,250,000 Subscriber Options pursuant to the Offer;

**"Minimum Subscription"** means the issue of 2,750,000 Shares and 916,666 Subscriber Options pursuant to the Offer;

**"NSX"** means Stock Exchange of Newcastle Ltd ACN 008 624 691;

**"Offer"** means the invitation to apply for Shares and Subscriber Options 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 NSX;

**"Official Quotation"** means quotation of the Shares on the Official List;

**"Opening Date"** means the date of this Prospectus;

**"Optionholder"** means a holder of any options issued by the Company;

**"Options"** means an option to subscribe for a Share subject to the terms and conditions set out in Section 7.10 of this Prospectus;

**"Oversubscriptions"** means the right of Directors of the Company to accept Applications for Shares totalling more than 2,750,000 but no more than 12,750,000;

**"Proper SCH Transfer"** has the same meaning given in the Corporations Act 2001;

**"Prospectus"** means this disclosure document, dated 30 October 2003 for the issue of up to 12,750,000 Shares at \$0.20 per Share and 4,250,000 Subscriber Options;

**"SCH Business Rules"** means the SCH Business Rules issued by ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532;

**"Share"** means an ordinary share in the capital of the Company;

**"Shareholders"** means the holders of Shares in the Company;

**"Subscriber Options"** means the options described in Section 7.13 of this Prospectus;

**"Subsidiaries"** means the same as that term is defined under Section 9 of the Corporations Act 2001;

**"Underwriter"** means the Taylor Collison Ltd ABN 53 008 172 450;

**"Underwriter Options"** means the 1,000,000 options to be issued to Taylor Collison Ltd pursuant to the Underwriting Agreement upon the terms set out in Section 7.11.

## 9. 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 made by the Directors in this Prospectus are not misleading or deceptive and that in respect of any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of Shares or Subscriber Options 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 to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

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Robert James S Greenslade  
Director  
Hindmarsh Resources Ltd

**APPLICATION FORM**

Please complete all relevant sections of the Application Form using **BLOCK LETTERS**. Please post or otherwise have transmitted to Hindmarsh the completed Application Form together with your Application Monies to one of the 3 addresses listed below. If you have any questions on how to complete this Application Form please telephone Taylor Collison Ltd on (618) 8212 2688. Applications for the Shares offered by this Prospectus can only be accepted on the Application Form which is included in the Prospectus.

**By mail:** GPO Box 2046  
ADELAIDE SA 5001

**By Delivery:** Level 2  
12 Pirie Street  
ADELAIDE SA 5000

Application Forms must be received by no later than 5.00 pm (CST) on 8 December 2003 or as otherwise advised by the Company.

- A** Write your **FULL NAME** in Box A. This must be either your own name or the name of a Company. You should refer to the bottom of this page for the correct forms which can be registered. Applications using the incorrect forms may be rejected. If your Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted by the Company. Any decision as to whether to accept your form as valid, and how to constitute, amend or complete it, shall be final. You will not however, be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque for the Application Monies referred to in Box H.
- B** If you applying as **JOINT APPLICANTS**, complete Boxes A and B. You should refer to the bottom of this page for instructions on the correct form of name. Up to three Joint Applicants may register.
- C** Enter your **TAX FILE NUMBER (TFN)** or exemption category beside your name. Where applicable, please enter the TFN for each Joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of you TFN is not compulsory and will not affect your Application Form.
- D** Enter your **POSTAL AND EMAIL ADDRESS** for all correspondence. All communications to you from the Company's share registry, Computershare Investor Services Pty Ltd (shareholding statement, annual/interim reports, correspondence etc) will be mailed to the person(s) and address as shown. For Joint Applications only one address can be entered.
- E** Please let us know your **TELEPHONE NUMBER(S)** and contact name in case we need to contact you in relation to your Application Form.
- F** The Company will participate in the **ASX CHESS System**. If you are participating in this system, you may complete this section. If you are not a participant in the CHESS System do not complete this box. It will not affect your application.
- G** Insert the **NUMBER OF SHARES** you wish to apply for in Box G.
- H** Enter the amount of your application monies here. The amount must be equal to the number of Shares applied for (see Box G) multiplied by \$0.20 per Share.
- I** Complete cheque details as required. Cheques must be drawn on an Australian bank in Australian currency and made payable to "Hindmarsh Resources Ltd Float Account" and crossed "Not Negotiable". Do not send cash. A separate cheque should accompany each Application Form lodged.
- J** The Application Form does not need to be signed.

**CORRECT FORMS OF REGISTRABLE TITLE**

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to [Company]. At least one full given name and the surname is required for each natural person. Applications cannot be made by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

| Type of Applicant          | Correct Form of Registrable Title                 | Incorrect Form of Registrable Title             |
|----------------------------|---|---|
| Trusts                     | Mr John David Smith (John David Smith A/c)        | John Smith Family Trust                         |
| Deceased Estates           | Mr Michael Peter Smith (Est John David Smith A/c) | John Smith (deceased)                           |
| Partnerships               | Mr John David Smith and Mr Michael Peter Smith    | John Smith & Son                                |
| Club/Unincorporated Bodies | Mr John David Smith (ABC Tennis Association A/c)  | Smith Investment Club or ABC Tennis Association |
| Superannuation Funds       | John Smith Pty Ltd (Super Fund A/c)               | John Smith Superannuation Fund                  |

**APPLICATION FORMS AND GUIDE TO THE APPLICATION FORMS**

**APPLICATION FORM**

**HINDMARSH RESOURCES LTD**  
ACN 106 444 857

Broker's number

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|-----------------------------|--|--|
| Broker's or Adviser's Stamp |  |  |
|                             |  |  |

**INSTRUCTIONS FOR A TO J ARE SET OUT ON THE REVERSE SIDE OF THIS FORM.**

**PLEASE USE BLOCK LETTERS**

All applications must be for a minimum of 10,000 Shares (\$0.20) and thereafter in multiples of 1,000 Shares and accompanied by payment of \$0.20 per Share

**A Write your name – refer to the guide (reverse side) for correct forms of registrable title(s)**

**C Tax file Number(s) or exemption category**

|       |                            |             |
|-------|----------------------------|-------------|
| Title | Given Names/[Company] Name | Surname/ACN |
|-------|----------------------------|-------------|

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**B JOINT APPLICATION**

|       |                                       |
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| Title | Joint Application Account Designation |
|-------|---------------------------------------|

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| Title | Joint Application Account Designation |
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**D POSTAL AND EMAIL ADDRESS (email address is: \_\_\_\_\_)**

|             |       |          |
|-------------|-------|----------|
| Address     |       |          |
| Suburb/Town | State | Postcode |

**E CONTACT DETAILS**

|              |                  |                  |
|--------------|------------------|------------------|
| Contact Name | Telephone (Work) | Telephone (Home) |
|--------------|------------------|------------------|

**F CHESS DETAILS**

|     |     |
|-----|-----|
| PID | HIN |
|-----|-----|

**G NUMBER OF SHARES**

I/We apply for  Shares and contemporaneously transmit Application Monies in full at \$0.20 per Share

**H TOTAL AMOUNT**

|                    |
|--------------------|
| Application Monies |
| \$A                |

|      |
|------|
| Date |
|------|

**I Cheque Details**

|        |      |        |                  |
|--------|------|--------|------------------|
| Drawer | Bank | Branch | Amount of Cheque |
|        |      |        | \$               |
| Drawer | Bank | Branch | Amount of Cheque |
|        |      |        | \$               |
| TOTAL  |      |        | \$               |

Cheques should be made payable to "Hindmarsh Resources Share Offer" and be crossed "Not Negotiable".

- J** This Application Form does not need to be signed. By lodging this Application Form and contemporaneously transmitting the Application Monies, the Applicant hereby:
- (a) applies for the number of Shares in the Application Form or such lesser number as may be allocated by the Directors as determined by the Directors;
  - (b) agrees to be bound by the terms and conditions set out in the Prospectus and the constitution of Hindmarsh; and
  - (c) authorises the Directors to complete or amend this Application Form where necessary to correct any errors or omissions.

I/We have received personally an electronic version of this Prospectus, or a copy of it, accompanied by or attached to the Application Form or a copy of the Application Form or a direct derivative of the Application Form, before applying for Shares. Hindmarsh will send to me/us a paper hard copy version of this Prospectus free of charge if I/We so request during the period of the Offer specified in this Prospectus.

#### **Important Notice**

This Application Form relates to a Prospectus dated 3 November 2003 pursuant to which Hindmarsh invites investors to subscribe for a total of 2,750,000 fully paid ordinary Shares in Hindmarsh at an issue price of \$0.20 per Share 916,666 free attaching Subscriber Options. The Prospectus expires on the date which is 13 months after the date of this Prospectus.

The Prospectus contains detailed information about Hindmarsh and it is advisable to read the Prospectus before completing this Application Form.

Any person who passes on to another person the Application Form must at the same time and by the same means give the other person a complete and unaltered copy of the Prospectus.