

# NEWERA RESOURCES LIMITED

ACN 118 554 359

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## ENTITLEMENT ISSUE PROSPECTUS

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For a pro rata non-renounceable entitlement issue of 1 Share for every 3 Shares held by Shareholders at an issue price of \$0.02 per Share to raise approximately \$1,292,058 together with 1 free new Option for each 2 new Shares issued exercisable at \$0.03 on or before 30 June 2013 (**Entitlement Issue**).

The Entitlement Issue is underwritten by Cygnet Capital Pty Ltd (**Cygnet**). Refer to Section 7.2.1 for details regarding the terms of the Underwriting Agreement.

### IMPORTANT NOTICE

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

The Securities offered by this Prospectus should be considered as speculative.

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## 1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

### 1.1 Timetable and important dates\*

Lodgement of Prospectus with ASIC	19 December 2011
Notice sent to Shareholders	21 December 2011
Ex Date	22 December 2011
Record Date for determining Shareholder entitlements	30 December 2011
Prospectus despatched to Shareholders	5 January 2012
Closing Date of Offer	20 January 2012
Securities quoted on a deferred settlement basis	23 January 2012
Notify ASX of under-subscriptions	On or before 25 January 2012
Despatch date/Shares entered into Shareholders' security holdings	On or before 31 January 2012

*\*All dates and times are indicative only. These dates are determined based upon the current expectations of the Directors and may be changed with 6 Business Days' prior notice. The Company reserves the right to vary these dates and times, subject to the ASX Listing Rules. The Company will make an announcement to ASX of any changes if they occur. WST refers to the time observed in Perth, Western Australia. All dates and times refer to time observed in Perth, Western Australia. The Company confirms that trading on a deferred settlement basis will not be allowed.*

### 1.2 Important notes

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 19 December 2011 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 18 January 2013 (**Expiry Date**). No Shares or Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares and Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

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

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

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

been authorised by the Company in connection with this Prospectus.

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

### **1.3 Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at [www.nru.com.au](http://www.nru.com.au). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

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

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

### **1.4 Forwarding-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

## 1.5 Key Risks

The business, assets and operations of our Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of our Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in Section 6 of this Prospectus. The occurrence of any of the risks or events outlined below could have a materially adverse effect on the Company's operations and, in turn, the price at which its Shares trade on ASX.

Risk area	Risks	Reference
Unable to settle Posit Transaction	<p>As previously announced to ASX, the Company has entered into an agreement with Posit Resources Australia Pty Ltd pursuant to which the Company has been granted a first right of refusal to procure the sale of all the issued shares in any of the Posit Companies should any of them acquire mineral exploration assets in Kyrgyzstan.</p> <p>The first right of refusal is to enable the Company to consider acquiring from the relevant Posit Company, its interest in any Kyrgyzstan projects acquired by Posit.</p> <p>Elections in Kyrgyzstan held at the end of 2010 have lead to uncertainty regarding the granting of mineral tenure in Kyrgyzstan, and as such, Posit has not yet been able to confirm to the Company that it has secured any tenure in Kyrgyzstan that could lead to the Company exercising its right to acquire that tenure from Posit. The period of the agreement has now been extended by the parties until agreement to 31 March 2012.</p> <p>There is a risk that the Posit Companies do not in fact secure or confirm tenure of any projects Kyrgyzstan prior to 31 March 2012, following which, subject to any further extension, the agreement with Posit will terminate.</p> <p>In the event that the Posit transaction is not completed and the Company does not acquire an interest in projects Kyrgyzstan, the Company will continue to advance its projects within Australia while at the same time seeking new projects both within Australia and overseas.</p>	6.2.1

Risk area	Risks	Reference
Kyrgyzstan Legal Environment	<p>In the event that the transaction with Posit is successful and the Company acquires an interest in mining projects in Kyrgyzstan, the Company will be required to comply with the legal requirements and processes in Kyrgyzstan.</p> <p>Kyrgyzstan's legal systems are less developed than more established countries and this could result in the following risks:</p> <ul style="list-style-type: none"> <li>(a) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;</li> <li>(b) a higher degree of discretion held by various government officials or agencies;</li> <li>(c) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;</li> <li>(d) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or</li> <li>(e) relative inexperience of the judiciary and court in matters affecting the Company.</li> </ul> <p>The commitment to local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed.</p> <p>Accordingly, there can be no assurance that any legal arrangements will not be adversely affected by the actions of the government authorities or others. As such, the effectiveness and enforcement of such arrangements cannot be assured.</p>	6.2.2
Exploration Success	<p>There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.</p>	6.2.3
Potential Acquisitions	<p>As part of its previously announced business strategy, the Company continues to investigate the potential acquisition of new projects to build on its existing project portfolio. Any such future transactions would be accompanied by the risks commonly encountered in</p>	6.2.4

Risk area	Risks	Reference
	<p>making such acquisitions as well as the risk of not being able to identify other suitable projects.</p> <p>The Company seeks to minimise these risks by undertaking appropriate due diligence investigations on all potential acquisitions prior to binding the Company to any acquisition.</p>	
Future Capital Requirements	<p>The Company's ongoing activities will require substantial expenditures. There can be no guarantee that the funds raised through the Offer, will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all.</p>	6.2.5

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## 2. CORPORATE DIRECTORY

<b>Directors</b>	<b>Solicitors</b>
<b>Mr Martin Blakeman</b> Executive Chairman	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street PERTH WA 6000
<b>Mr Winton Willesee</b> Non-Executive Director	
<b>Mr Eric de Mori</b> Non-Executive Director	
<b>Company Secretary</b>	<b>Auditors*</b>
Mr Winton Willesee	Bentleys Level 1 12 Kings Park Road WEST PERTH WA 6005
<b>Registered Office</b>	<b>ASX Code</b>
Suite 5/2 Centro Avenue SUBIACO WA 6008	NRU
<b>Underwriter</b>	<b>Share Registry*</b>
Cygnat Capital Pty Ltd Ground Floor 30 Richardson Street WEST PERTH WA 6005	Security Transfer Registrars Pty Ltd Suite 1, 770 Canning Highway APPLECROSS WA 6153  PO Box 535 APPLECROSS WA 6953  Telephone: +61 8 9315 2333 Facsimile: +61 8 9315 2233
<b>Website</b>	<b>General Enquiries</b>
<a href="http://www.nru.com.au">www.nru.com.au</a>	<a href="mailto:info@nru.com.au">info@nru.com.au</a> Telephone: +61 8 9382 3100

\*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

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### **3. DETAILS OF THE OFFER**

#### **3.1 Offer**

By this Prospectus, the Company offers for subscription approximately 64,602,921 new Shares and approximately 32,301,461 new Options pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of one (1) new Share for every three (3) Shares held on the Record Date at an issue price of \$0.02 per Share together with one (1) free new Option for every two (2) new Shares issued.

In calculating Entitlements under the Entitlement Issue, fractions will be rounded up to the nearest whole number.

The Options issued will be exercisable at \$0.03 on or before 30 June 2013.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of Shares to be issued pursuant to the Offer is approximately 64,602,921. The Offer will raise approximately \$1,292,058. The purpose of the Offer and the use of funds raised are set out in Section 4 of this Prospectus.

Holders of existing Options will not be entitled to participate in the Offer. The Company currently has 24,418,375 Options on issue as at the date of this Prospectus, which Options may be exercised by the Option holder prior to the Record Date in order to participate in the Offer.

#### **3.2 How to Accept the Offer**

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
  - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
  - (ii) attach your cheque for the amount indicated on that relevant Entitlement and Acceptance Form; or
  - (iii) pay by BPAY® by following the instructions below and on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
  - (i) fill in the number of Securities you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque for the appropriate application monies (at \$0.02 per Share); or
  - (iii) pay by BPAY® by following the instructions below and on the Entitlement and Acceptance Form; or

- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Newera Resources Limited – Trust Account" and crossed "Not Negotiable".

### **Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares and Options which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5.00pm (WST) on the Closing Date.**

If paying by BPAY®, applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPay by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form (which includes the Biller Code and your unique Customer Reference Number) and you will not need to return the Entitlement and Acceptance Form.

If paying by BPAY®, please make sure to use the specific Biller Code and unique Customer Reference Number on your Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, you will need to complete individual BPAY® transactions using the Customer Reference Number specific to each individual personalised Entitlement and Acceptance Form that you receive. If you inadvertently use the same Customer Reference Number for more than one of your Entitlements, you will be deemed to have applied only for your Entitlement to which that Customer Reference Number applies and for any excess amount you will be deemed to have applied for the excess Shares under the Shortfall Offer (refer to section 3.5 for details of the Shortfall Offer).

Your completed Entitlement and Acceptance Form and cheque (or BPAY® payment) must reach the Company's share registry no later than 5.00pm WST on the Closing Date.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

### **3.3 Underwriting**

The Offer is underwritten by Cygnet Capital Pty Ltd.

Refer to Section 7.2 of this Prospectus for further details of the terms of the underwriting.

### **3.4 Shortfall**

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall. Shareholders who wish to apply for Shares above their Entitlement can complete the application for additional Shares section on the Entitlement and Acceptance Form attached to the back of this Prospectus and return it, together with a cheque (or BPAY® payment) for the value of those Shortfall Shares (at \$0.02 per Share) to the Company. The Company will also issue 1 new Option for every 2 Shares applied for in the Shortfall Offer on the same terms as the Offer.

The offer of the Shortfall is a separate offer pursuant to this Prospectus. The issue price of any Shares offered pursuant to the Shortfall Offer shall be \$0.02 being the price at which the Entitlement Issue has been offered to Shareholders pursuant to this Prospectus. The Shortfall shall be placed in consultation with the Underwriter pursuant to the terms of the Underwriting Agreement. The Company reserves the right to allot to an applicant a lesser number of Shortfall Shares and Options than the number for which the applicant applies, or to reject an application, or to not proceed with placing the Shortfall to Shareholders.

### **3.5 Australian Securities Exchange Listing**

Application for official quotation by ASX of the Shares and Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as modified by the ASIC), the Company will not issue any Shares and Options and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Shares and/or Options is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

### **3.6 Allotment of Shares and Options**

Shares and Options issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Shares and Options on the basis of a Shareholder's Entitlement. Where the number of Shares and Options issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares and Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

### 3.7 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

The Offer to New Zealand investors are regulated offers made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Shares and Options is not New Zealand dollars. The value of the Shares and Options will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the Shares and/or Options to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in the Prospectus at Section 3.5, the Company will apply to the ASX for quotation of the Shares and Options offered under this Prospectus. If quotation is granted, the Shares and Options offered under this Prospectus will be able to

be traded on the ASX. If you wish to trade the Shares and/or Options through that market, you will have to make arrangements for a participant in that market to sell the Shares and/or Options on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

### **3.8 Taxation Implications**

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Securities offered pursuant to this Prospectus.

### **3.9 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares and Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

### **3.10 Privacy Act**

If you complete an application for Shares and Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

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

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

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

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## 4. PURPOSE AND EFFECT OF THE OFFER

### 4.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$1,292,058 (before expenses). The proceeds of the Offer are planned to be used in accordance with the table set out below:

<b>Use of Proceeds of the Offer</b>	<b>\$</b>
Exploration on the Company's existing assets in Western Australia	\$616,500
New project generation and due diligence <sup>1</sup>	\$250,000
Working Capital	\$307,889
Expenses of the Offer <sup>2</sup>	\$117,669
<b>Total</b>	<b>\$1,292,058</b>

#### Notes:

1. The Company has previously announced to ASX that it has entered into an agreement with Posit to acquire 100% of the issued shares in one or a combination of the Posit Companies. Initially it is intended that these funds will be allocated toward the finalisation of due diligence investigations on Posit. However, depending on the outcome of those ongoing investigations, funds may be applied toward investigations on as yet to be identified projects that the Directors consider could be to the benefit of the Company and its Shareholders.
2. Refer to Section 7.6 of this Prospectus for further details relating to the estimated expenses of the Offer.

### 4.2 Effect of the Offer and Pro Forma Balance Sheet

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$1,174,389 immediately after completion of the Offer after deducting the estimated expenses of the Offer; and
- (b) increase the number of Shares on issue from 193,808,761, to approximately 258,411,681 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from 24,418,375 Options prior to the date of this Prospectus to approximately 66,719,836 Options following completion of the Offer and the issue of the Options to the Underwriter.

### 4.3 Balance Sheet

The unaudited Balance Sheet as at 31 October 2011 and the unaudited Pro Forma Balance Sheet as at 31 October 2011 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been

prepared on the assumption that all Shares and Options pursuant to the Offer in this Prospectus are issued.

The unaudited Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

## Balance Sheet and Pro Forma Balance Sheet as at 31 October 2011 (unaudited)

	Actual (Unaudited)	Proforma
<b>Current assets</b>		
Cash and cash equivalents	1,724,067	2,898,455
Trade and other receivables	15,876	15,876
<b>Total current assets</b>	<b>1,739,943</b>	<b>2,914,331</b>
<b>Non-current assets</b>		
Receivables	67,472	67,472
Exploration costs	1,753,364	1,753,364
<b>Total non-current assets</b>	<b>1,820,836</b>	<b>1,820,836</b>
<b>Total assets</b>	<b>3,560,779</b>	<b>4,735,167</b>
<b>Current liabilities</b>		
Trade and other payables	32,307	32,307
<b>Total current liabilities</b>	<b>32,307</b>	<b>32,307</b>
<b>Total liabilities</b>	<b>32,307</b>	<b>32,307</b>
<b>Net assets</b>	<b>3,528,472</b>	<b>4,702,860</b>
<b>Equity</b>		
Issued capital	10,659,996	11,834,384
Reserves	180,442	180,442
Accumulated losses	(7,311,966)	(7,311,966)
<b>Total equity</b>	<b>3,528,472</b>	<b>4,702,860</b>

### 4.4 Effect on Capital Structure

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

#### Shares

	Number
Shares on issue at date of Prospectus	193,808,761
Shares offered pursuant to the Offer	64,602,921
<b>Total Shares on issue after completion of the Offer<sup>2</sup></b>	<b>258,411,682</b>

#### Options

	<b>Number</b>
Unquoted exercisable at \$0.036 on or before 30 June 2012	24,418,375
Options offered pursuant to the Offer	32,301,461
Options required to be issued pursuant to the Underwriting Agreement <sup>1</sup>	10,000,000
<b>Total Options on issue after completion of the Offer</b>	<b>66,719,836</b>

**Notes:**

1. These Options will be issued with the same terms as the Options issued under the Offer. Refer to Section 7.2.1 for a summary of the key terms of the Underwriting Agreement.

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## **5. RIGHTS AND LIABILITIES ATTACHING TO THE SHARES AND OPTIONS**

### **5.1 Terms of Shares**

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

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **5.1.1 General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

#### **5.1.2 Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

#### **5.1.3 Dividend Rights**

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the

Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

#### **5.1.4 Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

#### **5.1.5 Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

#### **5.1.6 Future Increase in Capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### **5.1.7 Variation of Rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

### **5.2 Terms of Options**

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Option Holder the right to subscribe for one Share. To obtain the right given by each Option, the Option Holder must

exercise the Options in accordance with the terms and conditions of the Options.

- (b) The Options will expire at 5.00 pm (WST) on 30 June 2013 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).
- (d) The Options held by each Option Holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion. Where less than 1,000 Options are held, all Options must be exercised together.
- (e) An Option Holder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

**(Exercise Notice).**

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) Subject to the expiry of any applicable escrow period the Options shall be freely transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will apply for quotation of the Options on ASX. In addition, the Company will also apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Option Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Option Holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

- (m) Other than pursuant to term (n), an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- (n) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue.

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## **6. RISK FACTORS**

### **6.1 Introduction**

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares and Options.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **6.2 Risks specific to the Company**

#### **6.2.1 Posit Transaction**

As previously announced to ASX, the Company has entered into an agreement with Posit Resources Australia Pty Ltd pursuant to which the Company has been granted a first right of refusal to procure the sale of all the issued shares in any of the Posit Companies should any of them acquire mineral exploration assets in Kyrgyzstan.

The first right of refusal is to enable the Company to consider acquiring from the relevant Posit Company, its interest in any Kyrgyzstan projects acquired by Posit.

Elections in Kyrgyzstan held at the end of 2010 have lead to uncertainty regarding the granting of mineral tenure in Kyrgyzstan, and as such, Posit has not yet been able to confirm to the Company that it has secured any tenure in Kyrgyzstan that could lead to the Company exercising its right to acquire that tenure from Posit. The period of the agreement has now been extended by the parties until agreement to 31 March 2012.

There is a risk that the Posit Companies do not in fact secure or confirm tenure of any projects Kyrgyzstan prior to 31 March 2012, following which, subject to any further extension, the agreement with Posit will terminate.

In the event that the Posit transaction is not completed and the Company does not acquire an interest in projects Kyrgyzstan, the Company will continue to advance its projects within Australia while at the same time seeking new projects both within Australia and overseas.

#### **6.2.2 Kyrgyzstan's Legal Environment**

In the event that the transaction with Posit is successful and the Company acquires an interest in mining projects in Kyrgyzstan, the Company will be required to comply with the legal requirements and processes in Kyrgyzstan.

Kyrgyzstan's legal systems are less developed than more established countries and this could result in the following risks:

- (a) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- (b) a higher degree of discretion held by various government officials or agencies;
- (c) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- (d) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (e) relative inexperience of the judiciary and court in matters affecting the Company.

The commitment to local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed.

Accordingly, there can be no assurance that any legal arrangements will not be adversely affected by the actions of the government authorities or others. As such, the effectiveness and enforcement of such arrangements cannot be assured.

### **6.2.3 Exploration success**

The Company currently holds a number of exploration licences in Western Australia and the Northern Territory (**Tenements**).

The Tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient capital, being able to maintain title to its Tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Tenements, a reduction in the cash reserves of the Company and possible relinquishment of the Tenements.

## **6.2.4 Potential Acquisitions**

As part of its business strategy, the Company intends to make acquisitions of, or significant investments in, complementary companies or projects. Any such future transactions would be accompanied by the risks commonly encountered in making such acquisitions as well as the risk of not being able to identify other suitable projects.

## **6.2.5 Future Capital Requirements**

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

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

## **6.3 Industry Specific Risks**

### **6.3.1 Operating Risks**

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

- (a) adverse geological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (d) mechanical failure of operating plant and equipment;
- (e) industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (g) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (h) inability to obtain necessary consents or approvals.

### **6.3.2 Native Title and Title Risks**

In relation to the Company's Australian based operations, both the *Native Title Act 1993* (Cth), related State Native Title legislation and Aboriginal Land Rights

and Aboriginal Heritage legislation may affect the Company's ability to gain access to prospective exploration areas or obtain production titles.

Compensatory obligations may be necessary in settling Native Title claims if lodged over any tenements acquired by the Company. The existence of outstanding registered Native Title claims means that the grant of a tenement in respect of a particular tenement application may be significantly delayed or thwarted pending resolution of future act procedures in the Native Title Act. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company. At this stage it is not possible to quantify the impact (if any) which these developments may have on the operations of the Company.

### **6.3.3 Environmental Risks and Regulations**

The Company's projects are subject to Commonwealth and State laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by the conditions attaching to the Tenements.

### **6.3.4 Insurance Risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect of the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

### **6.3.5 Reliance on Key Personnel and Employees**

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

In addition, Western Australia is currently experiencing a shortage of skilled labour including those skills utilised in the mining industry. The Company cannot guarantee that its mining and exploration activities will not be negatively affected by an inability to employ appropriately skilled staff.

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in the Prospectus, before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **6.3.6 Competition Risks**

The mining industry is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

In addition, the Company's current and future potential competitors include companies with substantially greater resources to develop similar and competing products. There is no assurance that competitors will not succeed in developing services and products that have higher customer appeal.

### **6.3.7 Legislative changes, Government policy and approvals**

Changes in government regulations and policies may adversely affect the financial performance of the Company. For example, any increased rentals under the Mining Act may impact on the Company's actual financial statements. The Company's capacity to explore and mine, in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

## **6.4 General Risks**

### **6.4.1 Economic Risks**

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

### **6.4.2 Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) commodity price fluctuations;
- (e) changes in investor sentiment toward particular market sectors;
- (f) the demand for, and supply of, capital; and
- (g) terrorism and other hostilities.

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

### **6.4.3 Force Majeure**

The Company's projects and operations now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

### **6.4.4 Security Investments**

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

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

### **6.4.5 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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## 7 ADDITIONAL INFORMATION

### 7.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

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

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 30 June 2011 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for the

year ended 30 June 2011 lodged with ASIC before the issue of this Prospectus; and

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

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

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

<b>Date</b>	<b>Description of Announcement</b>
29/11/2011	Capital Raising
15/11/2011	Appendix 3B and Notice pursuant to Section 708
15/11/2011	Results of Meeting
07/11/2011	Update - Posit Transaction
28/10/2011	Quarterly Activities Report
28/10/2011	Quarterly Cashflow Report
24/10/2011	Further Significant Mineralisation Identified at Jailor Bore
19/10/2011	Annual Report to Shareholders
11/10/2011	Notice of Annual General Meeting/Proxy Form
27/9/2011	Full Year Statutory Account

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website [www.nru.com.au](http://www.nru.com.au).

## **7.2 Material Contracts**

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

### **7.2.1 Underwriting Agreement**

By an agreement between Cygnet Capital Pty Ltd (**Underwriter**) and the Company (**Underwriting Agreement**) dated 19 December 2011, the Underwriter agreed to conditionally underwrite the Offer for 64,602,921 Shares and 32,301,461 Options (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter a management fee of \$20,000 plus an underwriting fee of 5% of the value of the Securities issued pursuant to the Offer. The Company has also agreed to issue the Underwriter 10,000,000 Options on the terms and conditions specified in Section 5.2 upon quotation of the Shortfall Securities. In addition, the Company must pay, indemnify and keep indemnified the Underwriter for all costs and expenses incurred by the Underwriter in connection with the Entitlement Issue, including legal fees and disbursements and the reasonable costs of travel and accommodation, marketing and communication costs.

The Underwriting Agreement is conditional upon:

- (a) the Underwriter being satisfied, acting reasonably, with the due diligence investigations and due diligence results by the date of lodgement of this Prospectus with ASIC;
- (b) the Underwriter being satisfied with the form of the Prospectus, acting reasonably;
- (c) satisfaction legal sign off letter being provided to the due diligence committee by the Company's solicitors addressed to be for the benefit of the Underwriter; and
- (d) the Prospectus being lodged with ASIC on 19 December 2011.

The Underwriting Agreement is subject to various events of termination which may give the Underwriter the right to terminate its obligations under the Underwriting Agreement. These termination events are considered to now be standard terms for underwriting agreements of this nature, including rights to terminate where market conditions change, where the Company is in default of any of its obligations under the Underwriting Agreement or its obligations to ASX, or other matters occur which may materially change the circumstances of the Company from those circumstances prevailing as at the date of the Underwriting Agreement, and reflect the risk being assumed by the Underwriter under the Underwriting Agreement.

### **7.3 Directors' interests**

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

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

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

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

<b>Name</b>	<b>Shares</b>	<b>Options</b>	<b>Entitlement</b>	<b>Remuneration (\$)</b>
Martin Blakeman	13,994,841	916,667	4,664,947	170,880
Winton Willesee	2,300,000	750,000	766,667	84,000 <sup>1</sup>
Eric de Mori	1,666,667	833,333	555,556	36,000

**Notes:**

1. This includes \$48,000 paid to Mr Willesee or his related entities for the provision of company secretary services to the Company.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The Company paid to the Directors a total of \$247,530 the year ended 30 June 2010 and \$290,880 for the year ended 30 June 2011. In addition to the above, the Directors have been paid fees totalling \$73,950 from the end of the previous financial year until the date of this Prospectus. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

Eric de Mori is an Associate Director and a 5% equity holder of the Underwriter, which also provides corporate advisory and other capital raising services to the Company. However, Mr de Mori does not obtain a benefit from either the Company or Cygnet, other than his remuneration outlined above, for acting as a Director of the Company.

#### **7.4 Interests and Consents of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, 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 this Prospectus, or

to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Cygnet has given and has not withdrawn its consent to being named as Underwriter to the Offer in the Corporate Directory of this Prospectus in the form and context in which it is named. Cygnet has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Cygnet (including its related entities) does not currently hold any Shares in the Company but currently has a relevant interest in 532,713 Options. Cygnet has indicated that it does not propose to exercise its Options and will therefore not have an Entitlement under the Offer.

Cygnet will be paid an underwriting fee of approximately \$64,602 together with a \$20,000 management fee in respect of this Offer. Upon quotation of the Shortfall Shares, the Company will also issue Cygnet 10,000,000 Options on the terms and conditions in Section 5.2. In the past two years, Cygnet has been paid fees totalling \$67,500 (exclusive of GST) by the Company as well as being allotted 12,500,000 Options.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services in relation to this Prospectus.

## **7.5 Legal Proceedings**

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

## **7.6 Estimated Expenses of Offer**

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,137
ASX fees	2,860
Underwriting fees	84,603
Legal expenses	10,000
Printing and other expenses	38,069
<b>Total</b>	<b>117,669</b>

## **7.7 Market Price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX

during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.067 on 20 and 21 September 2011

Lowest: \$0.02 on 14 December 2011

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.022 on 16 December 2011.

## **7.8 Electronic Prospectus**

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

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## 8 AUTHORITY OF DIRECTORS

### 8.1 Directors' Consent

Each of the Directors of Newera has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act

Dated the 19<sup>th</sup> day of December 2011



**Martin Blakeman**  
**Signed for and on behalf of**  
**Newera Resources Limited**  
**Executive Chairman**

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## 9 DEFINITIONS

**Applicant** means a Shareholder or Underwriter or other party instructed by the Underwriter who applies for Securities pursuant to the Offer.

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

**ASTC Settlement Rules** means the settlement rules of the securities clearing house which operates CHESS.

**ASX** means the ASX Limited (ACN 008 624 691).

**Board** means the board of Directors unless the context indicates otherwise.

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

**Closing Date** means the closing date of the Offer, being 5.00pm (WST) on 20 January 2012 (unless extended).

**Company** means Newera Resources Limited (ACN 118 554 359).

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

**Corporations Act** means the *Corporations Act 2001*(Cth).

**Customer Reference Number** means the unique number set out on the Entitlement and Acceptance Form.

**Directors** means the directors of the Company at the date of this Prospectus.

**Dollar** or "\$" means Australian dollars.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Issue** means the issue of Shares offered by this Prospectus.

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

**Offer** means the offer pursuant to the Prospectus of 1 new Share for every 3 Shares held by a Shareholder on the Record Date together with 1 free new Option for every 2 new Shares issued.

**Official List** means the official list of ASX.

**Option** means an option to acquire a Share.

**Posit** means Posit Resources Australia Pty Ltd.

**Posit Companies** means Posit, Posit Resources Australasia Pty Ltd and PRA KG LCC.

**Prospectus** means this prospectus.

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

**Record Date** means 5.00pm (WST) on 30 December 2011.

**Related Corporation** has the meaning given to that term in the Corporations Act.

**Securities** means Shares and Options.

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

**Shareholder** means a shareholder of the Company.

**Shortfall** means those Securities under the Offer not applied for by Shareholders under their Entitlement.

**Shortfall Application Form** means the shortfall application form attached to or accompanying this Prospectus.

**Shortfall Offer** means the separate offer for the Shortfall pursuant to this Prospectus.

**Underwriter or Cygnet** means Cygnet Capital Pty Ltd (ACN 103 488 606).

**WST** means Western Standard Time.