

RESOURCE STAR LIMITED

ACN 098 238 585

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of 1 Share for every 1 Share held by those Shareholders registered at the Record Date at an issue price of \$0.02 per Share to raise up to \$1,138,564 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is partially underwritten by Red Rock Resources Plc (Company Number 05225394). Refer to Section 5.3 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 Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

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

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CORPORATE DIRECTORY

Directors

Mr Andrew Bell (Chairman)

Mr Simon Heggen (Managing Director)

Mr Ross Kestel (Non Executive Director)

Mr Robert Benussi (Non Executive Director)

Company Secretary

Ms Eryn Kestel

Registered Office

'Spectrum'
Level 2
100 Railway Road
SUBIACO WA 6008

Telephone: + 61 8 9367 8133

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Email: info@resourcestar.com.au

Website: www.resourcestar.com.au

Underwriter

Red Rock Resources Plc
115 Eastbourne Mews
London W2 6LQ

Telephone: +44 207 402 4580

Facsimile: +44 207 402 8738

Share Registry*

Computershare Investor Services Pty
Limited
Level 2
45 St Georges Terrace
PERTH WA 6000

Telephone: 1300 557 010

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
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* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus

TIMETABLE

Lodgement of Prospectus with the ASIC	2 February 2012
Lodgement of Prospectus & Appendix 3B with ASX	2 February 2012
Notice sent to Shareholders and Optionholders	8 February 2012
Ex date	9 February 2012
Record Date for determining Entitlements	5.00pm (WST) 15 February 2012
Prospectus despatched to Shareholders & Company announces despatch has been completed	20 February 2012
Closing Date*	5.00pm (WST) on 6 March 2012
Shares quoted on a deferred settlement basis	7 March 2012
ASX notified of under subscriptions	8 March 2012
Despatch of holding statements	14 March 2012

* The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

IMPORTANT NOTES

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

This Prospectus is dated 2 February 2012 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

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.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted Shares (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering 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.

RISK FACTORS

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4 of this Prospectus. These risks together with other general risks applicable to all investments in listed Shares not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.resourcestar.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

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

1. DETAILS OF THE OFFER

1.1 Offer

The Offer is being made as a non-renounceable entitlement issue of 1 Share for every 1 Share held by Shareholders registered at the Record Date at an issue price of \$0.02 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 56,928,182 Shares will be issued pursuant to this Offer to raise up to approximately \$1,138,564.

As at the date of this Prospectus, the Company has 51,514,091 Options on issue. Please refer to Section 2.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 3 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 2.1 of this Prospectus.

1.2 Minimum subscription

There is no minimum subscription.

1.3 Acceptance

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 **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.02 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

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

If you are an eligible Shareholder and wish to take up some or all of your Entitlement for Shares under the Offer, you can use one of the following payment methods:

1.4 Entitlement and Acceptance Form and accompanying Cheque

Eligible Shareholders wishing to pay by cheque or bank draft must follow the instructions on the Entitlement and Acceptance Form, provide a cheque or bank draft made payable to “**Resource Star Limited – Subscription Account**” and return your completed form and payment to:

Resource Star Limited
C/- Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001

to be received by the Share Registry no later than 5.00pm (WST) on 6 March 2012 (**Closing Date**).

1.5 Payment by BPAY®

Eligible Shareholders wishing to pay by BPAY are able to do so using the specific biller code and Customer Reference Numbers detailed on their Entitlement and Acceptance Form.

If you choose to pay via BPAY you are not required to submit your Entitlement and Acceptance Form.

Your payment will not be accepted after 5:00pm (WST) on the Closing Date and no Shares will be issued to you in respect of that application. If you have multiple holdings you will have multiple BPAY reference numbers. To ensure you receive your Shares in respect of that holding, you must use the specific biller code and the customer reference number shown on each personalised Application Form when paying for any New Shares that you wish to apply for in respect of that holding. If you inadvertently use the same Customer Reference Number for more than one of your applications, you will be deemed to have applied only for the application to which that Customer Reference Number applies and any excess amount will be refunded.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

1.6 Underwriting

The Offer is partially underwritten by Red Rock Resources Plc (**Red Rock**).

Refer to Section 5.3 of this Prospectus for further details of the terms of the underwriting.

1.7 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. Pursuant to the Shortfall Offer, an offer is made to every applicant of Shares under the Offer to apply for any Shortfall Shares. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.02, being the price at which Shares have been offered under the Offer. The closing date for the receipt of Shortfall Offer Application Forms shall be 5.00pm (WST) on 6 March 2012, being the closing date for the Entitlement Issue (unless extended by the Company).

The Shortfall shall be placed at the discretion of the Company. The Company reserves the right to allot to an applicant a lesser number of Shortfall Shares than the number for which the applicant applies, or to reject an application, or to not proceed with placing the Shortfall.

1.8 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

1.9 Allotment

Shares issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be allotted on a progressive basis in accordance with the Underwriting Agreement. Where the number of Shares 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 of the Shortfall Offer.

Pending the allotment and issue of the Shares 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.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

1.10 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 most overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares 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 Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

In particular, this Prospectus and any entitlement and acceptance form do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Prospectus nor related documents may be distributed or released in the United States. The Shares have not been, nor will be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. The entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of, a person in the United States. The Shares may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States.

Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand or the United Kingdom.

Nominees and custodians may not distribute this Prospectus outside Australia and New Zealand.

Shareholders resident in New Zealand should consider the additional statements set out in Section 1.11 of this Prospectus and 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.

1.11 Offer in New Zealand

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the *Corporations Regulations 2001* (Cth). In New Zealand, this is Part 5 of the Shares Act 1978 and the Shares (Mutual Recognition of Shares 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 Shares are regulated under Australian law.

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

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

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

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 is not New Zealand dollars. The value of the Shares 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 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 stated at Section 1.8 of this Prospectus, the Company will apply to ASX for quotation of the Shares offered under this Prospectus. If quotation is granted the Shares offered under this Prospectus will be able to be traded on ASX. If you wish to trade the Shares through that market, you will have to make arrangements for a participant in that market to sell the Shares on your behalf. If the Shares market 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 Shares and trading may differ from Shares markets that operate in New Zealand.

1.12 Offer in United Kingdom

Neither the information in this Prospectus nor any other document relating to the Offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons

- (a) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005; or
 - (b) to whom it may otherwise be lawfully communicated,
- (together, **relevant persons**).

The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant

persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

1.13 Enquiries

Any questions concerning the Offer should be directed to Eryn Kestel, Company Secretary, by telephone on +61 8 9367 8133, by fax on +61 3 9367 8812 or by email to eryn.kestel@nkh.com.au.

2. PURPOSE AND EFFECT OF THE OFFER

2.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,138,564 (before expenses).

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offer	Full Subscription	%
Repayment of short term funding from Red Rock Resources Plc ¹	\$280,000	24.6
Ongoing exploration activity in Malawi, Western Australia and the Northern Territory	\$450,000	39.5
Expenses of the Offer ²	\$47,000	4.1
Working capital	\$361,564	31.8
Total	\$1,138,564	100

Notes:

1. This amount is a current estimate and may be subject to exchange rate fluctuations.
2. Refer to Section 5.9 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis. In the event that less than \$1,138,564 is raised, the Company will scale back the amount to be used towards working capital first.

2.2 Effect of the Offer

The principal effect of the Offer, assuming no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,138,564 (before deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 56,928,182 as at the date of this Prospectus to 113,856,364 Shares.

2.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 December 2011 and the unaudited pro-forma balance sheet as at 31 December 2011 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including

expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors 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.

Unaudited Balance Sheet as at 31 December 2011 and Pro Forma Balance Sheet as at 31 December 2011

	No te	Unaudited 31 December 2011 \$	Unaudited Pro forma adjustments \$	Unaudited Pro forma 31 December 2011 \$
ASSETS				
Current assets				
Cash and cash equivalents	1	40,588	1,113,564	1,154,152
Trade and other receivables		47,695	-	47,695
Other		19,302	-	19,302
Total current assets		107,585	1,113,564	1,221,149
Non-current assets				
Exploration and evaluation		3,322,289	-	3,322,289
Plant and equipment		3,279	-	3,279
Total non-current assets		3,325,568	-	3,325,568
TOTAL ASSETS		3,433,153	1,113,564	4,546,717
LIABILITIES				
Current liabilities				
Trade and other payables		113,062	-	113,062
Loans and borrowings	3	150,000	-	150,000
Total current liabilities		263,062	-	263,062
TOTAL LIABILITIES		263,062	-	263,062
NET ASSETS		3,170,091	1,113,564	4,283,655
EQUITY				
Issued capital	2	31,719,831	1,113,564	32,833,395
Reserves		451,973	-	451,973
Accumulated losses		(29,001,713)	-	(29,001,713)

TOTAL EQUITY	3,170,091	1,113,564	4,283,655
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**Unaudited
Proforma 31
December
2011
\$**

NOTE 1: CASH AND CASH EQUIVALENTS

Unaudited 31 December 2011	40,588
Application funds received under prospectus	1,138,564
Less: expenses of the offer	(25,000)
Unaudited Proforma 31 December 2011	1,154,152

NOTE 2: ISSUED CAPITAL

Ordinary shares	No.	\$
Unaudited 31 December 2011	56,928,182	31,718,831
Share issued under prospectus:		
- Application funds received	56,928,182	1,138,564
Less: expenses of the offer	-	(25,000)
Unaudited Proforma 31 December 2011	113,856,364	32,833,395

NOTE 3: LOANS AND BORROWINGS

At 31 December 2011 \$150,000 had been received in loans funds from Red Rock Resources. Since then an additional \$160,000 in loan funds have been received bringing the current total to \$310,000.

2.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	56,928,182
Shares offered pursuant to the Offer	56,928,182
Total Shares on issue after completion of the Offer	113,856,364

Options

	Number
Listed Options (exercise price \$0.20, expiry date 30 September 2012)	45,964,091
Unlisted Options (exercise price \$0.20, expiry date 15 July 2012)	550,000
Unlisted Options (exercise price \$0.20, expiry date 30 September 2012)	2,000,000
Unlisted Options (exercise price \$0.15, expiry date 1 December 2013)	1,500,000
Unlisted Options (vest on 1 July 2012, exercise price \$0.20, expiry date 1 December 2013)	750,000
Unlisted Options (vest on 1 July 2013, exercise price \$0.25, expiry date 1 December 2013)	750,000
Options offered pursuant to the Offer	Nil
Total Options on issue after completion of the Offer	51,514,091

760,000 of the Shares on issue are subject to a 24 month ASX-imposed escrow restriction from the date the Company was re-listed on ASX, being 1 March 2010. The restriction will therefore lapse on 1 March 2012. These are Shares held by Red Rock.

Based on publicly available information as at 30 January 2012, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Red Rock ⁽¹⁾	13,984,872	24.57
JP Morgan Nominees Australia Limited <Cash Income A/C>	2,964,203	5.28

Ecometrix Pty Ltd	2,873,844	5.12
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⁽¹⁾ Rubicon Nominees Pty Ltd holds 2,489,577 of these Shares as nominee for Red Rock.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer, save for the shareholding of Red Rock as it will act as Underwriter to the Offer. Please refer to Section 5.4 for information regarding the effect of Red Rock underwriting the Offer on the Company.

3. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to the Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of holders of those Shares. 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 Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

3.1 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.

3.2 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.

3.3 Dividend rights

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Subject to the rights of any preference Shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to dividend, the dividend as declared shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares in accordance with Part 2H.5 of Chapter 2H of the Corporations Act. The Directors may from time to time pay to the Shareholders any 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 set aside out of the profits of the Company any amounts that 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.

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.

3.4 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 Shares in respect of which there is any liability.

3.5 Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

3.6 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 ASX Listing Rules.

3.7 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.

3.8 Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4. RISK FACTORS

4.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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 the Shares.

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

4.2 Specific Australian Risks

Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest; there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

Tenure and Access

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

The Company's tenements are subject to numerous State-specific legislation conditions. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

4.3 Uranium Specific Risks

The current and future operations of the Company in relation to uranium, including exploration, appraisal and production activities, may be affected by a range of factors, including the following.

Government regulation and policy

Uranium mining in Australia is subject to extensive regulation by State and Federal Governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Compliance with such laws and regulations may increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent the proliferation of nuclear weapons. The export of uranium is controlled by the Federal Government through its licensing process and it is understood that Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

Mining Policy

Both Federal Coalition and Labour Party policy favours the development of new uranium mines, albeit under strict environmental, heritage and nuclear safeguards. However, there can be no assurance that the policy will not change in the future and this may adversely affect the long-term prospects of the Company.

Mining uranium in Western Australia was prohibited under the policy of the former State Government from June 2002 until to September 2008. On November 17, 2008, the current State Government revoked the ban and is now focusing on developing this sector. Although the ban on uranium mining was only lifted recently, Western Australian regulators and the mining industry have been managing the safe mining, transport and export of radioactive material in the mineral sands and tantalum sectors for 40 years. The WA Government is working closely with other States to build on their industry experience and is committed to ensuring that further development of Western Australia's regulatory framework is world's best practice and that associated departments have the resources to deal with radiation issues associated with uranium mining.

Pursuant to the *Atomic Energy Act 1953 (Cth)* and the *Northern Territory Self-Government) Regulations 1978 (Cth)* the Commonwealth has reserved its powers on uranium mining in the Northern Territory. The NT Mining Act requires that the Northern Territory Minister for Mines must consult with the Commonwealth Minister for Industry, Tourism and Resources before granting a mining title that relates to uranium, and must act in accordance with any advice that the Commonwealth Minister provides.

The Tasmanian Government supports exploration to the usual mining and environmental approval processes. In 2007 the Government and Opposition jointly voted down a Greens party proposal to ban uranium exploration and development in Tasmania.

The Government of Malawi is currently in the process of putting in place a uranium mining legislation as the country does not currently have such legislation although it has approved uranium mining to an Australian company.

There can be no assurance that these policies will not change in the future and this may adversely affect the long-term prospects of the Company.

Export Policy

The Commonwealth Government maintains tight controls over the export of uranium through its licensing process. Uranium may only be sold and exported in accordance with the *Customs (Prohibited Exports) Regulations 1958* (Cth) and the *Nuclear Non-Proliferation (Safeguards) Act 1987* (Cth). Australian uranium can only be exported to countries that undertake to use it for peaceful purposes. Uranium mining itself is also extensively regulated. Complying with these laws and regulations increases the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. The approvals required are more rigorous than those for the mining of other metals. There is a risk that should economic deposits of uranium be discovered, the requisite government approvals may not be granted or may be significantly delayed, thereby rendering the deposits uneconomic.

Competition from alternative energy and public perception

Nuclear energy is in direct competition with other, more conventional sources of energy which include oil, gas, coal and hydro-electricity. These conventional energy sources may be provided at lower cost resulting in a decrease in demand for uranium.

Furthermore, the growth of the nuclear power industry (and resulting increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments for nuclear energy is its substantially reduced level of carbon emissions. Alternative energy systems such as wind or solar also have very low levels, if any, of carbon emissions. However, to date these have not been efficient enough to be relied upon. Technology changes may occur that make alternative energy systems more efficient and reliable.

4.4 Specific Malawian Risks

Government Regulation and Policy

All minerals in Malawi are vested in the President on behalf of the Malawian people. The exploration, mining and disposal of these minerals are governed by the *Mines and Minerals Act 1981*. The Administration of the Act is the responsibility of the Commissioner for Mines and Minerals in the Ministry of Energy and Mining.

There are numerous companies presently engaged in mining activities in Malawi.

The Directors of the Company are unaware of any legislation or policy within Malawi which could adversely affect the establishment of mining operations within the country.

There are risks attaching to exploration operations in a developing country which are not necessarily present in a developed country which can impact on a range of factors such as sovereign risk, safety, security, costs, ability to operate, country policy, fiscal provisions and laws and can lead to delays or even the suspension of operations.

No assurance can be given regarding future stability in Malawi or any other country in which the Company may have an interest.

Sovereign risk

Some of the Company's project interests are located in Malawi which is considered to be a developing country and as such subject to emerging legal and political systems compared with the system in place in Australia.

Possible sovereign risks include without limitation changes in the terms of mining tenements, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may in the future adversely affect the financial performance of the Company and the market price of its Shares.

No assurance can be given regarding future stability in both Australia and Malawi.

Title Risks

The mining tenements in which the Company has or may acquire an interest in are subject to the applicable local laws and regulations. There is no guarantee that any tenement applications or conversions in which the Company has a current or potential interest will be granted.

Tenements (or applications) in which the Company has an interest are (or, if granted, will be) subject to the relevant conditions applying in Malawi. Failure to comply with these conditions may render the licences liable to forfeiture.

All of the projects in which the Company has an interest will be subject to application for tenement renewal from time to time. Renewal of the term of each tenement is subject to applicable legislation. If a tenement is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement. However, the Directors are not aware of any reason why renewal of the term of any tenement will not be granted.

The Company is reliant to a certain extent on the cooperation and compliance of parties to the agreements to which it is a party.

Legal System in Malawi

The legal system operating in Malawi may be less developed than more established countries, which may result in risk such as:

- (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 on the part of governmental agencies;

- (c) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (d) the relative inexperience of the judiciary and courts in such matters.

There can be no assurance joint ventures, licences, license application or other legal arrangements will not be adversely effected by the actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

4.5 General Risks

No guarantee of exploration success

Mineral exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable and saleable mineral resources will be identified. Even if mineral resources are identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the discovery.

Investors should note that in relation to its Projects, any potential quantity and grade is conceptual in nature and, there has been insufficient exploration to define a mineral resource in respect of the Projects at the date of this Offer Document apart from the Malawi Livingstonia Chombe Project which is currently being independently resource evaluated and that it is uncertain that further exploration will result in the determination of a mineral resource.

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

In Malawi, exploration expenditure is a warrant of expenditure and any deficit in expenditure is payable to the Malawi Government, unless exemption from expenditure is granted by the Minister.

Compulsory Work Obligations

Each of the Company's tenements is subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. These commitments may be varied on application by the tenement holder but any such variation is at the sole discretion of the Minister administering the relevant mining legislation. If no variation is approved, and there is failure to meet the commitments, this could lead to forfeiture of the tenement.

Competition Risk

The industry in which the Company will be involved 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, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

Funding Risk and Future Capital Needs

In the event the Company does not achieve the minimum subscription under this Offer Document, there is a risk that it may not be able to continue to fund its ongoing exploration programs (unless another funding source can be secured). This could adversely affect the ability of the Company to grow organically or through acquisitions.

In these circumstances, shareholders may face the loss of a substantial portion of their investment.

General Economic Climate

Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital, commodity price, proposed resource super profits tax legislation and industrial disruption have an impact on business costs, commodity prices and stock market prices. The Company's operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of the Company.

Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies, products or technologies. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies.

Reliance on Key Employees

The Company does and will rely on a number of key employees. The Company has in place employment contracts with key employees and has the objective of providing attractive employment conditions in general to assist in retaining key employees. However, there can be no guarantee that the Company can retain its key employees.

Share Market

Share market conditions may affect the value of the Company's quoted Shares 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) metal price fluctuations;
- (e) changes in investor sentiment toward particular market sectors;
- (f) the demand for, and supply of, capital; and
- (g) terrorism or other hostilities.

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 speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

5. ADDITIONAL INFORMATION

5.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

5.2 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 Shares.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of Shares on a company and the rights attaching to the Shares. 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 Shares 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 3 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 annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
30/01/2012	Quarterly Activities Report December 2011
30/01/2012	Quarterly Cashflow Report December 2011
27/01/2012	Further information on Cue Resources
18/01/2012	Competent Person Statement in the 2011 Annual Report
14/12/2011	Notification under Section 708(5)(e) for Unlisted Options
12/12/2011	Change of Director's Interest Notice for Mr Heggen
12/12/2011	Appendix 3B for the Issue of Unlisted December 2013 Options
01/12/2011	Final Director's Interest Notice for Mr Geach
30/11/2011	Results of 2011 Annual General Meeting
23/11/2011	Further Information on the Drilling at Machinga Rare Earth
22/11/2011	Drilling to Commence at Machinga Rare Earths Project
21/11/2011	Response to ASX Query
14/11/2011	Livingstonia Boundary Extension Increases Potential
01/11/2011	September Cashflow Report – Changes in Interests in Mining
01/11/2011	Notice of 2011 Annual General Meeting / Proxy Form
01/11/2011	Amended September 2011 Quarterly Cashflow Report
27/10/2011	September 2011 Quarter Cashflow Report

27/10/2011	September 2011 Quarter Activities Report
24/10/2011	Acquisition of Interest in Cue Resources on Hold
11/10/2011	Investor Update Presentation
04/10/2011	Red Rock Resources Provides Ongoing Financial Support

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.

5.3 Underwriting Agreement

By an agreement dated 1 February 2012 between Red Rock and the Company (**Underwriting Agreement**), Red Rock agreed to take up its full Entitlement under the Offer (being 13,984,872 Shares) and underwrite the first \$500,000 worth of the Shortfall (if any) under the Offer.

Pursuant to the Underwriting Agreement, in consideration for Red Rock's underwriting obligation, the Company has agreed to pay Red Rock an underwriting fee of 2.5% of that amount which Red Rock ultimately underwrites.

The obligation of Red Rock to underwrite the Offer is subject to certain events of termination. Red Rock may terminate its obligations under the Underwriting Agreement if:

- (a) the Company or a related corporation resolving that it will be wound up;
- (b) the appointment of a liquidator or provisional liquidator to the Company or a related corporation;
- (c) litigation, arbitration, administrative or industrial proceedings are after the date of this letter commenced or threatened against the Company, other than any claims foreshadowed in the Prospectus; or
- (d) the making of an order by a court for the winding up of the Company or a related corporation;
- (e) an administrator of the Company or a related corporation, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (f) the Company or a related corporation executing a deed of company arrangement; or
- (g) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company or a related corporation.

5.4 Disclosure of Underwriting on Voting Power

As at the date of this Prospectus, Red Rock, a substantial shareholder of the Company, has a relevant interest in 13,984,872 Shares and a voting power in the Company of 24.57%.

Red Rock has agreed that it will take up its full Entitlement of 13,984,872 Shares pursuant to the Offer and also underwrite up to \$500,000 from the Shortfall over and above taking up its Entitlement.

The potential maximum increase in the voting power of the Underwriter should it be required to underwrite a maximum of \$500,000 worth of Shortfall will be 21.95%.

The potential effect of control as a result of Red Rock's participation in the manner described above is reflected in the following table.

Event/Date	Number of shares held by Red Rock	Voting Power of Red Rock
Prior to Rights Issue	13,984,872	24.57%
After issue of all shares in the Rights Issue assuming Red Rock takes up its full Entitlement (being 13,984,872 Shares which will bring its holding to 27,969,744) and underwrites \$500,000 worth of Shortfall (being a further 25,000,000 Shares).	52,969,744	46.52%
After issue of all shares in the Rights Issue assuming Red Rock takes up its full Entitlement (being 13,984,872 Shares which will bring its holding to 27,969,744) and underwrites \$400,000 worth of Shortfall (being a further 20,000,000 Shares).	47,969,744	42.13%
After issue of all shares in the Rights Issue assuming Red Rock takes up its full Entitlement (being 13,984,872 Shares which will bring its holding to 27,969,744) and underwrites \$250,000 worth of Shortfall (being a further 12,500,000 Shares).	40,469,744	35.54%
After issue of all shares in the Rights Issue assuming Red Rock takes up its full Entitlement (being 13,984,872 Shares which will bring its holding to 27,969,744) and underwrites \$100,000 worth of Shortfall (being a further 5,000,000 Shares).	32,969,744	28.96%
After issue of shares assuming Red Rock takes up its full Entitlement and there is no Shortfall.	27,969,744	24.57%

The figures depicted above demonstrate the potential effect of the participation in the Offer and Shortfall by Red Rock. In the event that Shareholders take up their Entitlements, the underwriting obligation of Red Rock

and therefore voting power of Red Rock will be reduced by a corresponding amount.

In general, Red Rock has advised the Company that it:

- (a) has no intention of making any significant changes to the business of the Company;
- (b) does not propose to change the management and operations of the Company or to make any change to the employment of any present employee of the Company;
- (c) does not intend to redeploy any fixed assets of the Company;
- (d) does not intend to transfer any property between the Company and Red Rock or any person associated with it; and
- (e) has no current intention to change the Company's existing policies in relation to financial matters or dividends.

5.5 Market price of Shares

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

The highest, lowest and last market sale prices of the 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	\$0.04	15 November 2011 to 23 November 2011
Lowest	\$0.02	19 December 2011 to 4 January 2012
Last	\$0.025	31 January 2012

5.6 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:

- (i) the formation or promotion of the Company; or
- (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the Shares of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Entitlement	Options
Mr Simon Heggen	Nil	Nil	3,000,000 ⁽¹⁾
Mr Andrew Bell ⁽²⁾	Nil	Nil	2,000,000 ⁽³⁾
Mr Robert Benussi	1,000,000	1,000,000	Nil
Mr Ross Kestel	Nil	Nil	Nil

⁽¹⁾ 1,500,000 Options vested on 30 November 2011 and are exercisable at \$0.15 on or before 1 December 2013, 750,000 Options which will vest on 1 July 2012 and are exercisable at \$0.20 on or before 1 December 2013 and 750,000 Options which will vest on 1 July 2013 and are exercisable at \$0.25 on or before 1 December 2013.

⁽²⁾ Andrew Bell is a director of Red Rock, but does not control Red Rock.

⁽³⁾ Exercisable at \$0.20 on or before 30 September 2012. **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$210,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

For the financial years ended 30 June 2010 and 30 June 2011 the Company paid (or has payable) by way of approved remuneration for services provided by all Directors or former directors of the Company (executive, non-executive and alternate), companies associated with those Directors or former directors of the Company or their associates in their capacity as Directors or former directors of the Company, employees, consultants or advisers (inclusive of employer superannuation contributions) a total of \$144,646 and \$170,000 respectively.

The proposed annual remuneration of the Directors for the financial year ending 30 June 2012 is set out in the table below.

Director	Amount (\$)
Mr Andrew Bell	45,000
Mr Simon Heggen	245,250
Mr Ross Kestel	45,000
Mr Robert Benussi	44,000

5.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) 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;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Red Rock has acted as the Underwriter to the Company in relation to the Offer. The Company estimates it will pay Red Rock \$12,500 (if Red Rock underwrites the entire \$500,000 Shortfall) (excluding GST and disbursements) for these services.

5.8 **Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$12,500 (excluding GST and disbursements) for these services. Consents**

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take 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.

Red Rock Resources Plc has given its written consent to being named as the Underwriter to the Company in this Prospectus. Red Rock Resources Plc has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as Solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

5.9 Expenses of the Offer

In the event that all Entitlements are accepted, the total cash expenses of the Offer are estimated to be approximately \$47,000(excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,137
ASX fees	4,796
Share Registry Fees	10,000
Legal fees	12,500
Underwriting Fees	12,500
Printing and distribution	5,067
Total	47,000

5.10 Electronic Prospectus

Pursuant to Class Order 00/44, 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 Forms. If you have not, please phone the Company on +61 8 6141 3500 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.resourcestar.com.au.

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.

5.11 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing option certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be

issuer sponsored by the Company. Because the sub-registers are electronic, ownership of Shares 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 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 CHESS 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.

5.12 Privacy Act

If you complete an application for Shares, 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 holder of equity Shares in the Company, 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 Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised Shares 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 ASX Settlement Operating 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.

6. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

SIMON HEGGEN
Managing Director
For and on behalf of
RESOURCE STAR LIMITED

7. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder, Underwriter or other party instructed by the Underwriter who applies for Shares pursuant to the Offer a Shareholder, Underwriter or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Shares and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the Shares clearing house which operates CHES.

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

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Resource Star Limited (ACN 098 238 585).

Computershare means Computershare Investor Services Pty Limited (ABN 48 078 279 277)

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

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

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.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Shares means the Shares offered pursuant to the Offer.

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

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

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

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 1.7 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Underwriter or **Red Rock** means Red Rock Resources Plc (Company Number 05225394).

Underwriting Agreement means the underwriting agreement entered into between the Company and the Underwriter dated 1 February 2012 and summarised in Section 5.3.

WST means Western Standard Time as observed in Perth, Western Australia.

INSTRUCTIONS TO APPLICANTS

Please post or deliver the completed Shortfall Application Form together with a cheque to the Company. If an Applicant has any questions on how to complete this Shortfall Application Form, please telephone the Company on +61 8 9367 8133 or your professional adviser. The Form must be received by the Company no later than 5.00pm (WST) on that date which is 3 months after the Closing Date (or such earlier date as directed by the Company).

A. Name of Applicant / Joint Applicants or Account Designation

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected. If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

B. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

C. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Shortfall Application Form.

D. TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate. If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

E. CHESS HIN or existing SRN Details

The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN and the name and address as recorded in the CHESS system. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

F. Cheque Details

Make cheques payable to "Resource Star Limited – Subscription Account" in Australian currency and cross them "Not Negotiable". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Shortfall Application Form.

If a Shortfall Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept a Shortfall Application Form, and how to construe, amend or complete it, shall be final. A Shortfall Application Form will not however, be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque.

Forward your completed application together with the application money to:

Resource Star Limited
C/- Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001

CORRECT FORMS OF REGISTRABLE TITLE

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

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased

Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund