



C @ LIMITED
ABN 99 110 439 686

ENTITLEMENT ISSUE PROSPECTUS

For a pro-rata renounceable rights issue of approximately 196,832,700 new Shares on the basis of three (3) Shares for every four (4) Shares held at an issue price of \$0.008 per Share (**Issue**).

Lead Manager and Underwriter

Patersons Securities Limited
ABN 69 008 896 311
AFSL 239052

This Offer is fully underwritten by Patersons Securities Limited. The Underwriting Agreement contains terms and conditions which may affect the obligations of Patersons Securities Limited, details of which are set out in Section 8.2 of this Prospectus.

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 Shares offered by this Prospectus should be considered as speculative.

TABLE OF CONTENTS

1.	TIMETABLE AND IMPORTANT NOTES	1
2.	CORPORATE DIRECTORY	3
3.	LETTER FROM THE BOARD	4
4.	DETAILS OF THE OFFER	5
5.	PURPOSE AND EFFECT OF THE OFFER.....	9
6.	RIGHTS ATTACHING TO SHARES.....	11
7.	RISK FACTORS.....	13
8.	ADDITIONAL INFORMATION	17
9.	AUTHORITY OF DIRECTORS	29
10.	DEFINITIONS.....	30

1. TIMETABLE AND IMPORTANT NOTES

Timetable*

Event	Date
Lodgement of Prospectus with ASIC	2 August 2010
Ex Date - rights trading commences	5 August 2010
Record Date for determining Shareholder entitlements	11 August 2010
Prospectus despatched to Shareholders	13 August 2010
Opening Date of Offer	13 August 2010
Rights trading ceases	31 August 2010
Closing Date of Offer	7 September 2010
Despatch date	15 September 2010
Shares entered into Shareholders' security holdings	15 September 2010

* These dates are determined based upon the current expectations of the Directors and may be changed without notice.

Important Notes

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

This Prospectus is dated 2 August 2010 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 13 months after the date the Prospectus was lodged with ASIC (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

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

Electronic Prospectus

This Prospectus will be available on the Company's website at www.cnow.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 Entitlement and Acceptance 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.

Risk Factors

Prospective investors in the Company should be aware that subscribing for Shares the subject of this Prospectus involves a number of specific risks, including risks relating to economic factors, key personnel, future funding, intellectual property and market conditions.

Details of these specific risks and other general risks are set out in Section 7 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 7 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered highly speculative.

2. CORPORATE DIRECTORY

Directors

Mr Andrew Harrison (*Non-executive Director*)

Mr Andrew Konowalous (*Non-executive Director*)

Mr Gordon Thompson (*Non-executive Director*)

Proposed Director

Mr Terence Mark Earley (*Proposed Managing Director*)

Company Secretary

Ms Jade Styants

Principal Office & Registered Office

Suite 1, 64 Thomas Street

WEST PERTH WA 6005

Telephone: (08) 9321 6988

Facsimile: (08) 9321 4022

Website: www.cnow.com.au

Lead Manager and Underwriter

Patersons Securities Limited

AFSL 239 052

Level 23, Exchange Plaza

2 The Esplanade

PERTH WA 6000

Solicitors

Hardy Bowen

Level 1, 28 Ord Street

WEST PERTH WA 6005

Share Registry

Security Transfer Registrars Pty Ltd

Suite 1, 770 Canning Highway

APPLECROSS WA 6153

Telephone: (08) 9315 2333

Facsimile: (08) 9315 2233

ASX Codes

Shares: CEO

Options: CEOO

3. LETTER FROM THE BOARD

Dear Shareholder,

The Board is pleased to offer you the opportunity to participate in a pro-rata renounceable rights issue.

All Shareholders registered at 5.00pm WST on 11 August 2010 will be entitled to participate in a renounceable rights issue of Shares at \$0.008 per Share on the basis of three (3) new Shares for every four (4) Shares then held. The maximum number of Shares to be issued pursuant to this Offer is 196,832,700 Shares to raise approximately \$1,574,662. The Offer is fully underwritten by Patersons Securities Limited.

On 27 July 2010, the Company announced that it had entered into an Executive Service Agreement for the appointment of Mark Earley as Managing Director of the Company subject to shareholders' approval of the Incentive Options forming part of his remuneration and the successful completion of a capital raising of not less than \$1.5 million.

Mark has significant experience in both the domestic and international coal industry with a strong background in operations, project development, mine management and senior advisory roles.

The Company has been investigating further investment opportunities and is interested in the highly prospective coal sector. Mark's appointment opens up a new set of opportunities for the Company and his early focus will include existing and greenfield coal assets. This will include assessing opportunities in both thermal and metallurgical coals in the established regions of Australia and Indonesia and emerging regions such as Mongolia.

It is intended that the Company further this review, along with continuing to operate its existing optical business. Any decision regarding an investment in coal assets will be subject to shareholder approval and compliance with ASX requirements.

This Prospectus sets out the details of the renounceable rights issue Offer and I draw your attention to Section 4 titled 'Details Of The Offer' which outlines the procedure you must follow if you wish to take up or renounce your Entitlement to new Shares.

The Closing Date for acceptances is 5.00pm WST on 7 September 2010. Shareholders who do not wish to take up their Entitlement are permitted to trade their Rights on ASX between 5 August 2010 and 31 August 2010.

Application for official quotation of the Shares by ASX will be made with trading on a T+3 basis expected to commence on or about 15 September 2010.

The Board recommends all Shareholders take up their Entitlement.

The Board takes this opportunity to thank all Shareholders for your support since listing on ASX and looks forward to your continued support in the future.

Yours faithfully



Andrew Harrison
Director

4. DETAILS OF THE OFFER

4.1 Offer of Shares

The Offer is being made as a renounceable entitlement issue of three (3) new Shares for every four (4) Shares held by Shareholders registered at 5.00pm WST on 11 August 2010 at an issue price of \$0.008 per Share.

Based on the capital structure of the Company and assuming no existing options are exercised, the maximum number of Shares to be issued pursuant to this Offer is 196,832,700 Shares. The Offer will raise approximately \$1,574,662 before expenses of the Offer. The purpose of the Offer and the use of funds raised are set out in Section 5 of this Prospectus. Any fractional Entitlement will be rounded up to the nearest whole Share.

The Company currently has on issue 262,443,600 Shares on issue and 170,884,115 Listed Options exercisable at \$0.01 each expiring on 30 April 2012.

4.2 Rights Trading

Entitlements to Shares pursuant to the Offer are renounceable and accordingly, Rights will be traded on ASX. Details on how to sell your Rights are set out in Section 4.3 below.

4.3 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Application 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.

If you wish to accept your Entitlement in full please complete the Entitlement and Acceptance Application Form, filling in the details in the spaces provided and remitting payment for the amount indicated. Payment can be made by attaching a cheque or remitting funds through BPAY as instructed on the Entitlement and Acceptance Application Form.

If you only wish to accept part of your Entitlement, please fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Application Form and remitting the appropriate application monies being \$0.008 per share multiplied by the number of Shares accepted. Payment can be made by attaching a cheque or remitting funds through BPAY as instructed on the Entitlement and Acceptance Application Form.

Alternatively, you can trade your Rights as follows:

- (a) to sell all of your Rights in full you will need to instruct a stockbroker to sell the Rights you wish to renounce by completing the panel headed "Instructions to your stockbroker" on the back of the Entitlement and Acceptance Application Form and lodging that form with your stockbroker. Your stockbroker must sell those Rights before the Rights trading ceases; or
- (b) if you wish to transfer all or part of your Rights to another person other than on ASX you must forward a completed renunciation form (which you can obtain by

contacting the Share Register) together with the Entitlement and Acceptance Application Form.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “C@ Limited – Share Offer Account” and crossed “Not Negotiable”.

If paying by cheque, your completed Entitlement and Acceptance Application Form and payment must reach the Company’s share registry by no later than 5pm WST on the Closing Date.

If paying via 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 Application Form and you will not need to return the Entitlement and Acceptance Application Form.

4.4 Underwriting

The Offer is fully underwritten by Patersons Securities Limited (**Underwriter** or **Patersons**). Please refer to Section 8.2 for the material terms of the underwriting agreement between the Company and Patersons.

As the Offer is fully underwritten, Shareholders will not be offered the opportunity to apply for any Shortfall.

4.5 Official Quotation on ASX

Application has been made to the ASX for Official Quotation of the Shares offered pursuant to this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date 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.

4.6 Allotment of Shares

Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date in accordance with the ASX Listing Rules. 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.

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.

4.7 Overseas Shareholders

Only Shareholders who are registered as at 5.00 pm WST on the Record Date with registered addresses in Australia and New Zealand will be able to participate in the Offer. To make the Offer in any other jurisdiction may constitute a violation of application securities laws. The Directors believe that it is unreasonable to make the Offer to Foreign Shareholders, having had regard to the number of Shareholders in the relevant jurisdictions, the number and value of Shares those Shareholders would be offered and the cost of complying with the securities legislation of those jurisdictions.

Accordingly, the Offer is not being made, and no Shares will be issued to any Shareholders whose registered address is in a country other than Australia or New Zealand (**Foreign Shareholders**). This Prospectus is being sent to Foreign Shareholders for information purposes only. No Entitlement and Acceptance Application Form will be sent to Foreign Shareholders.

The Company has appointed Patersons to sell the Foreign Shareholders' Rights if there is a viable market for the Rights and a premium over the expenses of the sale can be obtained. The net proceeds of the sale of these Rights (after deducting the cost of the sale and the distribution of the proceeds) will then be forwarded as soon as practicable to the Foreign Shareholders.

Any such sale will be at such prices or otherwise in such a manner as Patersons may, in its absolute discretion, determine. Any interest earned on the proceeds of the sale of such Rights will be applied against costs and expenses first, with any balance accruing to the Company.

Neither the Company nor Patersons will be held liable for a failure to sell Rights or to sell Rights at any particular price. The proceeds of the sale will be distributed to the Foreign Shareholders for whose benefit the Rights have been sold in proportion to their shareholdings (after deducting the cost of the sale and the distribution of the proceeds).

If there is no viable market for the Rights of the Foreign Shareholders, their Rights will be allowed to lapse and their Entitlement will form part of the Shortfall.

4.8 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Shares 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 Shares offered pursuant to this Prospectus.

4.9 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing certificates for the Shares. 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 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 (**HIN**) 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.

4.10 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 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 share registry on (08) 9315 2333, if you wish to do so.

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.

4.11 Enquiries

Any questions concerning the Offer should be directed to the Company on (08) 9321 6988.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$1,574,662 before expenses. The proceeds of the Offer are planned to be used in accordance with the table set out below:

Proceeds of Offer	\$
Expenses of the Offer *	156,688
Working capital, investment review and other business opportunities	1,417,974
Total	\$1,574,662

* Please refer to Section 8.9 of this Prospectus for further details relating to the expenses of the Offer.

5.2 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.

	Number Shares	Number Listed Options	Number Incentive Options
Securities currently on issue	262,443,600	170,884,115	-
Shares offered pursuant to the Offer	196,832,700	-	-
Incentive Options offered pursuant to resolution in Notice of Meeting *		-	45,900,000
Total securities on issue post Offer	459,276,300	170,884,115	45,900,000

* The Company is proposing to grant 45,900,000 Incentive Options each with an exercise price of \$0.01 and an expiry date of on or before 5.00pm (EST) on the date that is three years from the date of grant to Terence Mark Earley as part of his remuneration package as the proposed Managing Director of the Company. Further details of the Incentive Options are set out in Section 8.7 of the Prospectus.

5.3 Effect of the Offer and Pro Forma Consolidated Balance Sheet

Set out below is the audited consolidated Balance Sheet of the Group at 31 December 2009, an unaudited consolidated Balance Sheet of the Group at 30 June 2010 and an unaudited pro forma consolidated Balance Sheet of the Group at 30 June 2010 incorporating the effects of the Offer.

The proposed transactions adjusting the unaudited consolidated Balance Sheet of the Group as at 30 June 2010 in the pro forma consolidated Balance Sheet of the Group are:

- (a) the issue of 196,832,700 Shares pursuant to this Prospectus;

- (b) the receipt of funds of approximately \$1,574,662 pursuant to this Prospectus;
- (c) the payment of costs of the Offer of \$156,688; and
- (d) the issue of 45,900,000 Incentive Options to proposed director Mark Earley pursuant to the resolution set out in Section 8.7 of this Prospectus, estimated valuation of \$108,787 using the Black-Scholes option pricing model.

5.4 Pro Forma Consolidated Balance Sheet

The unaudited consolidated Balance Sheet as at 30 June 2010 and unaudited pro forma consolidated Balance Sheet as at 30 June 2010 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Group and reflect the changes to its financial position, assuming that all the Shares are issued by the Closing Date. They have been prepared on the assumption that the Offer is fully subscribed.

The statements have been prepared to provide Shareholders with information on the assets and liabilities of the Group and pro-forma assets and liabilities of the Group 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.

C@ Limited - Consolidated Balance Sheets

	Audited 31 December 09 \$	Unaudited 30 June 10 \$	Pro Forma Unaudited 30 June 10 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1,317,117	991,296	2,409,270
Trade and other receivables	15,369	10,668	10,668
Total Current Assets	1,332,486	1,001,964	2,419,938
NON CURRENT ASSETS			
Property, plant and equipment	-	2,292	2,292
Total Non Current Assets	-	2,292	2,292
TOTAL ASSETS	1,332,486	1,004,256	2,422,230
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	74,234	10,010	10,010
Total Current Liabilities	74,234	10,010	10,010
TOTAL LIABILITIES	74,234	10,010	10,010
NET ASSETS	1,258,252	994,246	2,412,220
EQUITY			
Issued capital	6,321,326	6,317,539	7,735,513
Reserves	54,496	54,496	163,283
Accumulated losses	(5,117,570)	(5,377,789)	(5,486,576)
Total Equity	1,258,252	994,246	2,412,220

6. RIGHTS ATTACHING TO SHARES

The rights attaching to Shares in the Company are set out in the Constitution of the Company, a copy of which is available for inspection during normal business hours at the registered business office of the Company. A summary of these rights, privileges and restrictions is as follows:

6.1 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.

6.2 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 fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

6.3 Dividend Rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividend, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the proportions that the amounts paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of the shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

6.4 Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, 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 of the Company, 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. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

6.5 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 or the Listing Rules.

6.6 Variation of Rights

Pursuant to 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.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on the ASX.

Set out below is a list of some of the risk factors which should be considered before subscribing for Shares under this Prospectus. Some of these risk factors can be mitigated by the use of safeguards and appropriate systems and actions, but many are outside the control of the Company and cannot be mitigated. The Directors are of the view that the Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business and the Company's history. This list is not exhaustive and potential Applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares.

7.2 Risks Specific to the Company

(a) Business Development Activities

As previously advised to the ASX, the Company is now focused on pursuing new opportunities in the resources sector. Should a suitable new business opportunity be identified, it will then be assessed for its technical, legal and commercial suitability.

It should be noted that there can be no guarantee that any proposed acquisition of a resources project will be completed or will be successful. The acquisition of new business opportunities (whether completed or not) may also require payment of monies (as a deposit or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence.

If any proposed acquisition is not completed, monies already advanced may not be recoverable. Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with mining and exploration activities remain.

(b) Key Personnel

As announced on 27 July 2010 the Company has entered into an Executive Service Agreement with Terence Mark Earley for his appointment as the Managing Director of the Company, subject to Shareholder approval of his Incentive Option package and the Company completing a capital raising of not less than \$1.5 million (which is intended to be achieved by the Offer). The Company is reliant upon Mr Earley to identify potential business and investment opportunities for the Company. There is a risk that the Company if Mr Earley is appointed (that is, if the conditions for his appointment are not met) or he is appointed and subsequently leaves his employment with the Company, this would have the effect upon the development of the Company. The failure to employ or loss of Mr Earley could have an adverse impact on the business of the Company.

In the event that Mr Earley is unsuccessful in identifying potential business and investment opportunities for the Company then this may have an adverse impact on the performance and prospects of the Company.

(c) **Future Funding of the Company**

As at the date of the Prospectus, the Directors expect that it has sufficient capital resources to enable the Company to achieve its business objectives and operate as a going concern. However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or further capital raisings and if such borrowings or capital raisings are required, that they can be obtained on terms favourable to the Company.

Depending upon the nature and scale of the Company's activities and the terms of any funding facilities the Company may establish, the Company may need to raise further capital in the foreseeable future in order to fund its budgeted expenditure. The success or otherwise and the pricing of that capital raising will be dependent upon the then prevailing market conditions.

If the additional capital is raised by an issue of Shares this may have the effect of diluting Shareholders' interest in the Company. Any debt financing, if available, may involve financial covenants which limit the Company's operations. If the Company cannot obtain such additional capital, the Company may be required to reduce the scope of any expansion which could adversely affect its business, operating results and financial condition.

Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business, its financial condition and performance and its ability to continue as a going concern.

(d) **Contractual Risks and Other Legal Risks**

All agreements entered into by the Company are subject to interpretation. There is no guarantee that the Company will be able to enforce all its rights under its agreements with third parties.

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and therefore on the financial performance and share price of the Company.

(e) **Competition**

The Company will be operating in a competitive and dynamic market. Competitors as yet unknown to the Company may emerge from time to time. The introduction of new competitors or a more aggressive competitive response from existing participants may affect the operating performance of the Company. Future supply costs may rise and prices within the existing operating paradigm may fall, which may or may not restrict the Company's ability to compete profitably.

7.3 General Risks

(a) **Economic Factors**

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

General movements in local and international stock markets, and economic conditions could all affect the market price of the Company' Shares.

(b) **Regulatory Risks and Government Policy Changes**

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of the Company and may affect industry profitability.

(c) **Stock 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:

- (i) general economic outlook;
- (ii) movements in, or outlook on, interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity prices;
- (v) the demand for, and supply of, capital; and
- (vi) changes in investor sentiment towards particular market sectors.

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 in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) **Dividends**

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

(e) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(f) **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.

8. ADDITIONAL INFORMATION

8.1 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. The Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 3 months prior to the issue of this Prospectus.

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.

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 2009 being the last financial statements for a financial year of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) the half-year financial statements of the Company for the period ended 31 December 2009 lodged with ASIC since the lodgement of the last financial statements for the year ended 30 June 2009 were 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 30 June 2009 audited financial statements:

Date of Announcement	Description
02/08/2010	Appendix 3B
02/08/2010	Notice of Meeting
28/07/2010	Appendix 4C - quarterly
27/07/2010	Managing Director Appointment and Proposed Capital Raising
30/04/2010	Appendix 4C - quarterly
22/02/2010	Appendix 4D and Half Year Report
21/01/2010	Appendix 4C - quarterly
15/01/2010	Iron Ore Projects Update
04/01/2010	Acquisition of Iron Ore Projects Update
23/12/2009	Ceasing to be a substantial holder
23/12/2009	Ceasing to be a substantial holder
22/12/2009	Change of Director`s Interest Notice
21/12/2009	Completion of Share Purchase Plan and Appendix 3B
27/11/2009	Share Purchase Plan to Shareholders
26/11/2009	ASIC Disclosure Notice - Share Purchase Plan
25/11/2009	Results of Annual General Meeting
12/11/2009	Share Purchase Plan
05/11/2009	Acquisition of Iron Ore Projects - Framework Executed
29/10/2009	Appendix 4C - quarterly
22/10/2009	Notice of Annual General Meeting/Proxy Form

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.

8.2 Underwriting Agreement

By an agreement dated 2 August 2010 between Patersons Securities Limited (**Underwriter** or **Patersons**) and the Company, the Underwriter has agreed to fully underwrite the Offer (**Underwriting Agreement**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay Patersons:

- (a) an underwriting fee equal to 5% of the total amount raised pursuant to the Offer;
and
- (b) a corporate advisory fee of \$40,000 (plus GST).

The Company has also agreed to reimburse Patersons for all reasonable costs and expenses incurred in connection with the underwriting.

The Underwriting Agreement is conditional upon satisfaction of, amongst other things, the following conditions on or before 2 August 2010:

- (a) the Underwriter entering into sub-underwriting agreements with sub-underwriters on terms and conditions satisfactory to the Underwriter (in its absolute discretion);
and
- (b) shareholders approving the issue of management options at a general meeting prior to the Closing Date.

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

- (a) **(Indices fall)**: any of the S&P/ASX 200 Index, or the S&P/ASX 200 Energy Index as published by ASX is at any time after the date of this Agreement 10% or more below its respective level at the close of business on the Business Day prior to the date of this Agreement; or
- (b) **(Share Price)**: the closing sale price of the Company's Shares as recorded by ASX is below the Price; or
- (c) **(Prospectus)**: the Company does not lodge the Prospectus on the 2 August 2010 or the Prospectus or Offer is withdrawn by the Company; or
- (d) **(No Official Quotation)**: Official Quotation has not been granted by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (e) **(Supplementary prospectus)**:
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under this Agreement as a result of an occurrence as described in clause 13.1(q)(vi), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (f) **(Non compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:

- (i) the effect of the Offer on the Company; and
 - (ii) the rights and liabilities attaching to the Rights Shares; or
- (g) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (h) **(Restriction on allotment):** the Company is prevented from allotting the Rights Shares within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority; or
- (i) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (j) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (k) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act; or
- (l) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel; or
- (m) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or
- (n) **(Authorisation):** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (o) **(Indictable offence):** a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (p) **(Designated Sub-underwriters):** any of the Designated Sub-underwriters do not or threaten not to comply with its obligations under the sub-underwriting agreements; or
- (q) **(Termination Events):** subject always to clause 13.2, any of the following events occurs:

- (i) **(Default)**: default or breach by the Company under this Agreement of any terms, condition, covenant or undertaking; or
- (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in this Agreement is or becomes untrue or incorrect; or
- (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
- (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or
- (v) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive or that there was an omission from them; or
- (vi) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
- (vii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus; or
- (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive; or
- (ix) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation"; or
- (x) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy; or
- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs, other than as disclosed in the Prospectus; or
- (xii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally; or
- (xiii) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company; or

- (xiv) (**Judgment against a Relevant Company**): a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days; or
- (xv) (**Litigation**): litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus; or
- (xvi) (**Board and senior management composition**): other than as set out in the Prospectus there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter which consent is not be unreasonably withheld; or
- (xvii) (**Change in shareholdings**): there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company; or
- (xviii) (**Timetable**): there is a delay in any specified date in the Timetable which is greater than 7 Business Days; or
- (xix) (**Force Majeure**): a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs; or
- (xx) (**Certain resolutions passed**): a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- (xxi) (**Capital Structure**): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus; or
- (xxii) (**Breach of Material Contracts**): any of the Material Contracts is terminated or substantially modified; or
- (xxiii) (**Investigation**): any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or
- (xxiv) (**Market Conditions**): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Company has agreed to indemnify Patersons, its related corporations and their respective directors, officers, employees, agents, representatives and advisers (**Indemnified Parties**) from and against all claims, actions, damages, losses, liabilities, costs or expenses, including costs for legal advice on a solicitor client basis, which any Indemnified Party incurs or suffers in respect of or in any way relating to the Offer or the Underwriting Agreement.

The Underwriting Agreement contains covenants, warranties, representations and other terms normal for an agreement of this nature.

8.3 Disclosure of Underwriting on Voting Power

As set out above, the Offer is fully underwritten by Patersons Securities Limited (**Underwriter**).

The Underwriter has advised the Company that it has entered into arrangements with sub-underwriters in relation to the Shortfall such that neither the Underwriter nor any sub-underwriter will individually have a voting power in the Company in excess of 20% after the issue of the Shortfall. Therefore, neither the Underwriter nor any sub-underwriter will obtain control of the Company as a result of the Underwriter underwriting the Offer.

8.4 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 of securities pursuant to this Prospectus;
- (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 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 of Shares pursuant to this Prospectus.

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

Director	Shares	Listed Options	Share Entitlement ¹
Andrew Harrison ²	4,462,098	4,047,605	2,231,049
Andrew Konowalous ²	4,029,962	4,047,605	2,014,981
Gordon Thompson ⁴	1,900,000	-	950,000
Terence Mark Earley ⁵ (Proposed Director)	-	-	-

Notes:

1. Each of the Directors may also take up their full Entitlement under the Offer. As at the date of this Prospectus, none of the Directors had determined whether or not they would take up all or part of their Entitlement under the Offer.
2. Andrew Harrison is a joint trustee and a beneficiary of the Harrison Superannuation Fund, which is the registered holder of the Shares.
3. 400,000 Shares are held by Andrew and Lesley Konowalous as joint holders. 3,629,962 Shares and 4,047,605 are held by HAL Management Pty Ltd as trustee for

the Darlington Trust Account. Andrew Konowalous is a director of HAL Management Pty Ltd and a beneficiary of the Darlington Trust.

4. *700,000 Shares are held directly by Gordon Thompson. 1,200,000 Shares are held by Gordon Thompson who is a joint trustee and a beneficiary of the Thompson Family Superannuation Fund, which is the registered holder.*
5. *Terence Mark Earley has agreed to sub-underwrite 12,500,000 Shares in the event that there is a Shortfall. In these circumstances, Terence Mark Earley will not individually hold a voting power in the Company in excess of 20% after the issue of the Shortfall. It is also proposed that the Company will grant 45,900,000 Incentive Options to Terence Mark Earley as detailed in Section 5.2 and the Notice of Meeting.*

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.

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.

No non-executive Director shall be paid as part or whole of his remuneration a commission on or a percentage of profits or operating revenue.

If any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for the remuneration provided in the form of directors' fees.

The table below sets out the remuneration paid to director for the financial year ended 30 June 2010 and the expected annual remuneration payable to the Directors for the financial year ended 30 June 2011, inclusive of directors' fees and consultancy fees.

	30 June 2010		30 June 2011	
Director	Directors Fees	Consultancy	Directors Fees	Consultancy
Andrew Harrison	\$60,000	\$38,000	\$60,000	\$15,000
Andrew Konowalous	\$60,000	\$38,000	\$60,000	\$15,000
Gordon Thompson	\$30,000	-	\$30,000	-
Terence Mark Earley (Proposed Director)	n/a	n/a	\$250,000	-

8.5 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 of Shares pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Hardy Bowen 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. Hardy Bowen 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.

Hardy Bowen has acted as solicitors to the Company providing general advice to the Company and assisting in the preparation of the Prospectus. The Company estimates that it will pay Hardy Bowen approximately \$20,000 for services in relation to this Prospectus. In the past two years, Hardy Bowen has been paid fees totalling approximately \$44,952 (excluding GST) for services provided to the Company.

Pursuant to Section 716 of the Corporations Act, Patersons Securities Limited has given, and has not withdrawn its consent to being named as Underwriter of the Offer in this Prospectus in the form and context in which it is named and to the inclusion of the statements in Section 8.3 in the form and context in which they appear. Patersons Securities Limited 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.

Patersons Securities Limited has acted as Lead Manager and Underwriter of the Offer providing general corporate advice to the Company and managing the Offer pursuant to this Prospectus. Patersons Securities Limited will be paid an underwriting fee and corporate advisory fee in respect of this Offer as set out in Section 8.2 of this Prospectus. In the past two years, Patersons Securities Limited has been paid fees totalling approximately \$189,998 (excluding GST) for services provided to the Company. Patersons Capital Partners Limited is a partnership involving Patersons Securities Limited. In the past two years, Patersons Capital Partners Limited has been paid fees totalling approximately \$102,987 for services provided to the Company.

Pursuant to Section 716 of the Corporations Act, Security Transfer Registrars Pty Ltd has given, and has not withdrawn its consent to being named as share registry to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Security Transfer Registrars Pty Ltd 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.

8.6 Incentive Option Offer

On 27 July 2010 the Company announced that it had entered into an Executive Service Agreement with Terence Mark Earley for the appointment of Mr Earley as Managing Director of the Company subject to Shareholder approval of a grant of Incentive Options forming part of his remuneration package and successful completion of a capital raising of not less than \$1.5m.

It is proposed that Mr Earley be granted 45,900,000 Incentive Options each at an exercise price of \$0.01 and an expiry date of 5.00pm(EST) on the date that is three years after the date of grant.

The Company is offering 45,900,000 Incentive Options to Mr Earley as an offer under this Prospectus. The purpose of the offer of Incentive Options is to facilitate secondary trading of the underlying securities to be issued on exercise of the options. Issuing the Incentive Options under this Prospectus will enable Mr Earley to on-sell the Shares issued on exercise of the Incentive Options pursuant to ASIC Class Order C04/671.

8.7 Incentive Option Terms and Conditions

The Incentive Options are issued on the terms set out below:

- (a) Each Incentive Option entitles the holder to subscribe for and be issued one Share upon exercise of each Incentive Option.
- (b) The exercise price of each Incentive Option is \$0.01 (Exercise Price)
- (c) The expiry date of each option is 5pm (EST) on the date three years from the date of grant (Expiry Date), subject to termination provisions in the Executive Service Agreement.
- (d) The vesting conditions are as follows:
 - (i) 32,130,000 Incentive Options vest upon grant;
 - (ii) 6,885,000 Incentive Options vest upon the date the Shares of the Company attain a 30-day VWAP of \$0.012 or more per Share; and
 - (iii) 6,885,000 Incentive Options vest upon the date the Shares of the Company attain a 30-day VWAP of \$0.014 or more per Share.

"VWAP" means the "Volume Weighted Average Price" calculated by adding-up the total dollar value traded for all transactions (closing Share price for that day multiplied by the number of Shares traded) and then dividing by the total quantity of Shares traded for the day, as expressed in the following formula:

- (e) Each Incentive Option is exercisable at any time after the later of the date of grant of the Incentive Option and the date on which the vesting condition is satisfied (if applicable) and before the Expiry Date.

- (f) The Incentive Options may be exercised by the Incentive Option holder completing a notice of exercise and delivering it to the Company's registered office together with the payment for the number of Shares in respect of which the Options are exercised.
- (g) Incentive Option holders shall not be entitled to exercise their Incentive Options (and the Company will not be required to issue Shares upon such exercise) if it would be unlawful to do so.
- (h) Shares issued on exercise of the Incentive Options will rank pari passu in all respects with, and will have the same terms as the Company's then issued Shares.
- (i) Application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the Incentive Options, subject to any restriction obligations imposed by ASX.
- (j) There are no participation rights or entitlements inherent in the Incentive Options and holders will not be entitled to participate in new issues of securities offered to Shareholders without first exercising the Incentive Option. Subject to any waiver granted by the ASX, the Company will send notices to Incentive Option holder/s at least five business days prior to the record date applying to offers of securities made to Shareholders during the currency of the Incentive Options.
- (k) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of options or the exercise price of the options or both shall be reconstructed in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction.
- (l) The Incentive Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Incentive Options.
- (m) Subject to the Corporations Act, the Listing Rules and the Constitution and the prior written consent of the Board (which consent will not be unreasonably withheld) and unless otherwise specified at the time of issue, the Incentive Options are freely transferrable in accordance with clause 8.7 of the Executive Services Agreement.
- (n) The application for Shares on exercise of Incentive Options with the appropriate remittance should be lodged at the Company's registered office.

8.8 Legal Proceedings

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

8.9 Estimated Expenses of Offer

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

Expense Detail	\$
ASIC Fees	2,068
ASX Listing Fees	5,887
Underwriting Fee	78,733
Corporate Advisory Fee	40,000
Legal Expenses	20,000
Register, printing and other expenses	10,000
Total	\$156,688

8.10 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, lowest and most recent 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:

	Shares
Highest	\$0.011 on 23 July 2010 to 29 July 2010
Lowest	\$0.008 on 9 June 2010 to 9 July 2010
Last	\$0.010 on 30 July 2010

8.11 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic Entitlement and Acceptance 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 Entitlement and Acceptance Application Form, subject to compliance with certain conditions.

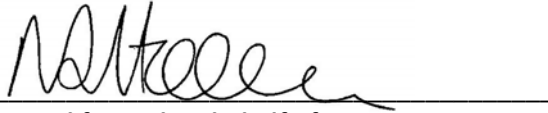
If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Application Form. If you have not, please phone the Company on (08) 9321 6988 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus.

The Company reserves the right not to accept an Entitlement and Acceptance Application Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance 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.

9. AUTHORITY OF DIRECTORS

Each of the Directors of C@ Limited (ACN 110 439 686) has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act.

Dated the 2nd day of August 2010

A handwritten signature in black ink, appearing to read 'Andrew Harrison', is written over a solid horizontal line.

**Signed for and on behalf of
C@ Limited by
Andrew Harrison
Director**

10. DEFINITIONS

Applicant means a person who applies for Shares 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 CHES.

ASX means 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 5pm (WST) on 7 September 2010 (unless extended).

Company means C@ Limited (ACN 110 439 686).

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

Corporations Act means the Corporations Act 2001 (Cth).

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

Executive Service Agreement means the agreement between Terence Mark Earley and the Company dated 27 July 2010.

Foreign Shareholder means a person registered as a Shareholder as at the Record Date whose registered address is outside Australia or New Zealand.

Group means the Company and any of its Related Body Corporate.

Incentive Option means the options proposed to be granted to Terence Mark Earley on the terms and conditions detailed in Section 8.7 of this Prospectus.

Issue means the issue of Shares offered by this Prospectus.

Listed Options means options to acquire a Share in the Company, listed on the ASX exercisable at \$0.01 each, expiring 30 April 2012.

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

Notice of Meeting means the notice of a general meeting of Shareholders to be held on 6 September 2010 lodged with ASX on the date of this Prospectus.

Offer means the renounceable entitlement offer of three (3) Shares for every four (4) Shares held on the Record Date at an issue price of \$0.008 per Share, further details of which are included in the “Details of the Offer” section of this Prospectus.

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

Official List means the official list of ASX.

Opening Date means 13 August 2010.

Option Holders means those parties holding options to acquire Shares as at the date of this Prospectus.

Prospectus means this prospectus.

Quotation and Official Quotation means official quotation on ASX.

Record Date means 5pm (WST) on 11 August 2010.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Right means a right to subscribe for an Entitlement pursuant to this Prospectus.

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

Shareholder means a shareholder of the Company.

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

Underwriter or **Patersons** means Patersons Securities Limited (ABN 69 008 896 311) AFSL 239052.

WST means Western Standard Time.