

# AVOCA

RESOURCES LIMITED ABN 30 097 083 282

## PROSPECTUS

For an Underwritten  
Offer of 30,000,000 Shares  
at an Issue Price of \$0.20 per  
Share to raise \$6,000,000 with the right  
to accept oversubscriptions for up to an  
additional \$1,000,000 by issuing  
5,000,000 Shares

### Underwritten by D J Carmichael & Co

This Prospectus is important and should be read in its entirety,  
together with the Application Form attached to this Prospectus.

If after reading this Prospectus you have any questions  
about the Shares being offered under this Prospectus  
or any other matter then you should consult  
your professional adviser.



## AVOCA RESOURCES LIMITED

2002 *prospectus*

## INDEPENDENT GEOLOGIST'S REPORT

14 February 2002

The Directors  
Avoca Resources Limited  
47 Brookman Street  
KALGOORLIE WA 6430

Dear Sirs and Madam

### INDEPENDENT TECHNICAL REVIEW OF AVOCA RESOURCES LIMITED'S EXPLORATION PROPERTIES

#### 8.1 INTRODUCTION

At your request (letter dated 21 December 2001) Snowden Corporate Services Pty Ltd (Snowden) has reviewed your Geologist's Report which is included in Section 7 in this Prospectus and has undertaken a desk top assessment of much of the historical information which was relied upon by the author of the report. It is Snowden's understanding that the purpose of this Prospectus is to offer for subscription 30 million shares at an issue price of \$0.20 per Share to raise a total of \$6 million, before costs of the issue, to fund the future assessment of Avoca Resources Limited's (Avoca or the Company) self-managed projects.

The purpose of this review is to confirm the reasonableness of the views expressed in the Geologist's Report in the context of the available information, to consider the appropriateness of the proposed exploration budget and to express an opinion on Avoca's exploration strategy.

A detailed review of documentation relating to Avoca's Western Australian properties was carried out, in Avoca's Kalgoorlie office, during the period 12-15 January 2002. Documentation provided included Avoca's draft reports on each project area and all relevant historical reports. Avoca's draft reports dealing with its South Australian projects were presented for review on 31 January 2002.

The current ownership status and standing of the tenements within each project area is dealt with in a separate Independent Solicitor's Report in Section 9 of this Prospectus. Snowden has not independently verified ownership and current standing of the tenements and is not qualified to make legal representations in this regard. Rather we have relied upon information provided by Avoca and understand that all their tenements are currently in good standing and that there is no cause to doubt the eventual granting of all tenement applications.

Snowden has not attempted to establish the legal status of the tenements within each project with respect to Native Title claims or potential environmental and access restrictions over the project areas. Again this matter is dealt with in the Independent Solicitor's Report in this Prospectus.

Snowden has satisfied itself that all material information in the possession of Avoca has been fully disclosed to Snowden. A draft version of this review was provided to the Directors of Avoca for comment in respect of omission and factual accuracy.

Snowden is a firm providing specialist mining industry consultancy services in the fields of geology, exploration, resource estimation, mining engineering, geotechnical engineering, risk assessment, mining information technology and corporate services. The company, which operates from offices in Perth, Kalgoorlie, Brisbane, Johannesburg and Vancouver, has prepared independent expert's reports and mineral asset valuations on a variety of mineral commodities in many countries.

Dr Philip Snowden (Managing Director and Principal Geologist) was responsible for the compilation of this review. Dr Snowden is a professional geologist with 29 years experience in the minerals industry including 10 years lecturing in geology in Southern Africa, 6 years with Anglo American Gold and Uranium Division in South Africa and 14 years as an independent geological consultant based in Perth. Dr Snowden is Managing Director of

## SNOWDEN

**CORPORATE**  
MINING INDUSTRY CONSULTANTS

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Snowden, a Fellow of the AusIMM, a Member of the AIG and a Certified Practising Geologist. Dr Snowden has undertaken numerous independent reviews and valuations of exploration and mining projects throughout Australia, Africa and SE Asia.

Neither Snowden nor those involved in the preparation of this report have any material interest in Avoca or in the mineral projects considered in this review. Snowden is remunerated for this review by way of a professional fee determined according to a standard schedule of rates which are not contingent on the outcome of this review.

Snowden has given and has not before lodgement of the Prospectus with Australian Securities and Investment Commission withdrawn its written consent to being named as author of this review and to the inclusion of this in the Prospectus by Avoca to be lodged on or about 20 February 2002.

#### 8.2 BACKGROUND

Avoca's projects can all be categorised as early to relatively early stage exploration projects which require carefully conceived systematic exploration. No significant mineral resources have so far been delineated on any of the properties.

Avoca intends to pursue its exploration objectives within a distinctive commercial framework which Snowden has assessed to be as follows:

- **Effective property and project acquisition system.** Avoca intends to adopt a land acquisition system similar to that employed by Heron Resources Limited (Heron). Heron's system is widely recognised in the industry to be one of the most efficient in operation;
- **Emphasis on large consolidated projects.** Emphasis on the compilation of large consolidated projects covering geologically significant areas that have been under-explored in the past;
- **No restriction on commodity.** While Avoca has an expectation that gold exploration will be emphasised on its WA properties and Olympic Dam style copper and gold exploration will be emphasised on its SA properties. Avoca will maintain a high level of flexibility in its approach and intends to utilise its significant exploration expertise to locate any project of value;
- **Restricted number of Avoca managed projects.** Avoca intends to be very selective in the number of projects it operates in its own right. Currently it has identified three such projects in WA (Mungari, Wiluna South and Jimberlana Dyke) for which it proposes to assume responsibility for 100% expenditure and management;
- **Strong joint venture relationships.** The development of strong joint venture relationships with significant exploration and mining companies represents a key strategy for Avoca. It has already established several joint venture agreements with the joint venturer assuming responsibility for all costs through the earn-in period;
- **Experienced explorationists with successful track records.** Avoca plans to operate with a small, carefully selected exploration team focussed on exploration success; and

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- **Prudent, short-term approach to Avoca managed projects.**

Avoca intends to be exceptionally prudent in its expenditure on self-managed exploration projects. If its corporate objectives are not met then it will endeavour to joint venture the project to companies better equipped to identify project value.

In Snowden's opinion Avoca's intended exploration strategy has been carefully thought out and provides an excellent, low-risk platform for success. It relies substantially on strong geological knowledge, good exploration judgement, an effective ground acquisition system and the development of good relationships with joint venture partners. Avoca has in place these key elements for success.

### 8.3 WEST AUSTRALIAN PROJECTS

#### 1 Introduction

Avoca holds title to some 6,629 km<sup>2</sup> of exploration tenements in Western Australia. Among the tenements there are two broad categories, firstly those in which Avoca has a 100% interest for all commodities and secondly those in which Avoca has a 100% interest for the gold and PGMs only.

There are three exploration projects that Avoca intends to explore in its own right – Mungari, Wiluna South and Jemberlana Dyke. Avoca holds title to another 18 project areas that are in joint venture or are wholly owned.

#### 2 Self-managed projects (Avoca 100%)

**MUNGARI.** The Mungari Project occurs as two separate blocks of tenements straddling the main road between Coolgardie and Kalgoorlie. The tenements are positioned along some 6 km strike of the important Zuleika and Kunanalling shears which host significant gold deposits to the north including the Kundana – White Foil gold projects north of Mungari.

The Mungari project, which is entirely covered by transported material, appears to have been somewhat superficially explored by several companies. Avoca has concluded that the tenements host a layered dolerite which represents a strong exploration target with potential to host Kundana-camp style gold mineralisation.

Snowden is satisfied that Mungari is located over prospective rock types in a structurally significant setting. The project is worthy of exploration to the extent being proposed by Avoca.

**WILUNA SOUTH.** This project is located south of the town of Wiluna on the southern extension of the Wiluna line of gold mineralisation. The project area is entirely covered by Lake Way and lies immediately east of Normandy's Williamson gold prospect.

Avoca's exploration team is experienced with the mining of gold orebodies in WA's lake environments and Wiluna South's lake situation is not seen as an impediment to exploration and mining.

Following our review of Avoca's project assessment Snowden considers Wiluna South to be a high merit project which holds significant exploration potential for gold mineralisation. This view is based upon the geological setting of the project, its regional aeromagnetic signature and the exploration success Normandy is currently having at its adjacent Williamson prospect. The project is worthy of exploration to the extent being proposed by Avoca.

**JIMBERLANA DYKE.** Avoca holds a significant part of the east-trending Jemberlana Dyke in the southern part of the Eastern Goldfields. While a substantial amount of exploration was conducted through the 1960s and 1970s, mainly by WMC, in its search for nickel and copper mineralisation, the search for PGMs was of a cursory nature only.

Avoca's interest in Jemberlana is to explore for PGMs in a setting similar to their occurrence in Zimbabwe's Great Dyke. At the time of Snowden's review Avoca was planning its exploration strategy for 2002 and as part of this planning it undertook orientation soil sampling on three lines at the western end of the Dundas Hills part of the Dyke. Palladium assays on one sample ranged between 1.2 g/t and 2.0 g/t. Avoca considers this result to be very significant and justifies the high merit ranking it has given the project.

Snowden acknowledges the PGM potential of the project which should be relatively straight forward to evaluate through systematic soil geochemistry procedures. Avoca has indicated to Snowden that if early exploration success does not meet its corporate objectives, a joint venture partner will be sought. Snowden is satisfied that the project is worthy of exploration to the extent being proposed by Avoca.

#### 3 Other Projects Reviewed by Snowden

Snowden has reviewed information on 13 joint ventured or wholly owned projects in its exploration project portfolio. Avoca's joint venture partners are collectively committed to an expenditure of approximately \$8.9 million on the properties. It should be noted that for some of the projects, Heron retains the nickel rights.

Projects reviewed by Snowden include the following:

**KARONIE SOUTH.** WMC Resources Limited (and now Gold Fields of South Africa) has earned an 80% interest and continues to sole fund exploration. The project consists of 7 ELs, 1 EL application and 4 ML applications covering an area of 653 km<sup>2</sup>. WMC identified 18 gold exploration targets.

**TRANSLINE.** Harmony Gold Mining Co Limited is earning an 80% interest in all mineral rights in this project through the sole funding of \$0.8 million. The project is located east-southeast of Kalgoorlie and consists of 10 ELs, 3 EL applications, 1 ML and 1 PL application covering 554 km<sup>2</sup>. The project area has potential for a range of metals including gold and nickel.

**BINDULI EAST.** Anglogold Australia Limited is earning a 75% interest in all mineral rights in the project by funding \$0.5 million. The project, located on the southern outskirts of Kalgoorlie, comprises 12 PLs, 4 MLs and 1 EL application. The project is focused on exploration of the south southeast-trending Abattoir shear.

**BLISTER DAM.** Placer Dome Asia Pacific Limited is earning a 70% interest through the expenditure of \$1.2 million on a semicontinuous block of tenements comprising 2 ELs, 3 EL applications and 5 PL applications which cover an area of 124 km<sup>2</sup>. This project, like the Mungari project to the south, straddles the prospective Zuleika shear. The tenements, which are overlain by up to 50 m of soil and lake cover, are located in an area of significant gold exploration potential.

**KOOKYNIE.** Newcrest Mining Ltd is to earn 75% through the expenditure of \$0.8 million. The project consists 3 ELs located a few kilometres west of the Keith-Kilkenny lineament. The tenements are considered by Avoca to be located in a geological setting similar to that of the properties hosting the Old Plough Dam orebody further south in Sons of Gwalia's Carosue Dam project area. The Kookynie project was explored for nickel, copper and zinc in the 1970s but has not been explored for gold in any systematic way.

**GINDALBIE TERRAIN.** Aurion Gold Limited (formerly Delta Gold Limited) is earning 70% through the sole funding of \$1 million. Exploration is currently at the stage of target generation.

**MT. ZEPHYR.** 100% Avoca. The project comprises 2 EL applications covering 109 km<sup>2</sup> in the Mt. Morgans greenstone belt 65 km northwest of Laverton. The Ninnis shear is a key structure which passes through this project. Just north of Mt. Zephyr the Ninnis shear appears to host Independence Gold NL's Nambi Gold Prospect.

**EURO.** 100% Avoca. The project consists of 2 non contiguous MLs covering 5 km<sup>2</sup>. The tenements are believed to straddle the Laverton Tectonic Zone which hosts the Granny Smith and Lancefield gold deposits.

**FRASER RANGE.** 100% Avoca. The project consists of 5 EL applications covering 980 km<sup>2</sup> over the Proterozoic-age Albany-Fraser belt. The exploration focus of the area is likely to be for nickel, PGMs and base metals. This is an early stage exploration project that is likely to be attractive to a large exploration and mining company.

**AVOCA.** 100% Avoca. The project consists of 3 ELs and 14 EL applications located over greenstone belt rocks 100 km southeast of Kalgoorlie. The project covers an area that has been largely unexplored.

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**ROE HILLS.** Aurion Gold Limited (formerly Delta Gold Limited) is earning 80% through the sole funding of \$1.0 million. The project area comprises 2 ELs and 2 EL applications covering some 400 km<sup>2</sup> of greenstone belt terrain 80 km due east of Kalgoorlie. There has been little previous exploration of the project area.

**POWDER SILL.** 100% Avoca. The project area consists of 2 ELs, 1 EL application and 6 ML applications which cover an area of 47 km<sup>2</sup>. The key target on the project is the Powder Sill layered mafic complex. The project, which has potential for both PGM and gold mineralisation, is located in an area that is currently regarded to have high exploration potential following discovery of the nearby Raleigh and White Foil orebodies.

**SOUTHERN LAVERTON TECTONIC ZONE.** Gutnick Resources NL is earning an 80% interest through the expenditure of \$1.2 million. The project consists of 34 tenements of which 25 are granted and covers 304 km<sup>2</sup>.

Snowden has reviewed much of the data relating to each of these thirteen projects which are currently joint ventured or are intended for joint venture and can confirm the veracity of the documentation presented by Avoca in its Geologist's Report in Section 7 of this Prospectus.

Through its joint ventures and intended joint ventures Avoca is able to successfully participate in an extensive range of projects at little or no cost. Furthermore Avoca can be expected to benefit substantially through the exploration experience and skills which some of the world's major resources companies bring to the joint ventures.

In addition to the projects referred to above Avoca has five early stage projects which Snowden did not review. They include the following:

**EUCLA** (Avoca 100%) – 620 km east-northeast of Kalgoorlie

**SNAKE HILL** (Barra earning 70%) – 50 km northwest of Menzies.

**KANOWNA SOUTH** (Avoca 100% - joint venture discussions underway) 3 km south of the old Kanowna townsite.

**VICTORY** (Gold Fields earning 80%) located 55 km northwest of Leonora.

**EDJUDINA – LAVERTON** (Croesus Mining NL earning 80% through sole funding \$1.0 million) located 140 km northeast of Kalgoorlie.

## 8.4 SOUTH AUSTRALIAN PROJECTS

Avoca has taken the view that the early Proterozoic terrain of South Australia holds significant exploration potential for copper-gold mineralisation. The Company has therefore made application for exploration licences in three project areas which it has named Torrens (7652 km<sup>2</sup>), Moonta (7769 km<sup>2</sup>) and Whyalla (840 km<sup>2</sup>).

Snowden has reviewed Avoca's reports on the three exploration projects and has taken particular note of its view of the exploration potential for each project. Our review has been undertaken in the context of our general knowledge of the geology and exploration history of the Gawler craton and overlying supracrustal sediments, lavas and intrusives. In particular the Hiltaba suite granites which are host to copper-gold-uranium mineralisation at the huge Olympic Dam mining operation and at the recently discovered site of Minotaur Resources Limited are of considerable importance. Also important are the sedimentary supracrustal rocks overlying the basement which in places hosts sedimentary copper mineralisation.

**TORRENS PROJECT.** The Torrens project covers a large area between Port Augusta and Andamooka in the north. Andamooka is about 40 km south of Olympic Dam. The 4 EL applications are largely east of the Mt. Gunson copper mining centre.

Inevitably Avoca will have to rely upon remotely derived geophysical maps of the project area to plan its exploration strategy for the first year. Avoca's greatest challenge will be selection of areas to focus early exploration and at the same time carefully manage expenditure. Previous exploration on the project tenements is likely to have been superficial and will prove to be of little help in early target generation. An important challenge will be to identify areas where the sedimentary cover rocks overlying the Gawler basement is thin enough to permit realistic exploration of the basement for Olympic Dam style mineralisation.

**WHYALLA PROJECT.** The Whyalla project consists of one EL application split into two parts covering 840 km<sup>2</sup> of the eastern Gawler craton south of the Torrens project. Much of the project is on the east side of the Cowell Fault where Precambrian basement is overlain by Cainozoic-aged sediments. The basement rocks are likely to be the key focus for exploration, although at this stage little is known about them. There is potential for Hiltaba type granite in the basement which could host Olympic Dam type mineralisation.

Once again Avoca will initially rely upon remotely sourced geophysical data to define first stage targets. Thereafter, we expect the Company will develop an exploration strategy to explore the target areas.

Whyalla is an early stage project and it is impossible to anticipate at this stage what might be discovered during exploration. There is potential for at least copper, uranium, gold, lead, zinc, diamonds and coal/lignite. The challenge for Avoca will be to progress exploration in a meaningful way within the inevitable budget constraints.

**MOONTA PROJECT.** The tenements in this project cover an extensive area between Port Pirie in the north and southern Yorke Peninsula near Maitland. It consists of 6 EL applications and one EL covering the eastern margin of the Gawler craton. The basement rocks of the craton are covered by Neoproterozoic sediments which thicken dramatically east of the project area into the Adelaide geosyncline. The project area falls within the southern part of the Stuart Shelf.

Avoca in their report has recorded the key elements of exploration completed so far. The work carried out over the last 30 to 40 years has again been somewhat superficial. Opportunities for exploration abound with prioritising of exploration targets likely to be an early key consideration. Once again remote geophysical surveys will provide the foundation for exploration.

Realising the potential of Avoca's vast exploration tenement portfolio in South Australia will be challenging. The potential to discover world-class orebodies provides the impetus for outstanding exploration. Avoca has recognised that its success will depend largely on the skill of its exploration team. This size and nature of the exploration projects will be highly dependent on the early definition of quality exploration targets.

Avoca intends to commence drilling geophysical and geochemical targets at the earliest opportunity. The Company will be well placed to identify joint venture partners should it choose to do so. We expect that the Company will reduce its landholding after completing initial exploration and take the joint venture route at some stage to obtain assistance with the likely high exploration costs it will encounter in the future.

We expect that Avoca will define at least one high quality drill target on its South Australian properties over the course of the next 12 months along with five to ten secondary targets. If this is achieved Snowden would consider this an excellent outcome.

## INDEPENDENT GEOLOGIST'S REPORT

**8.5 BUDGETS**

Snowden have reviewed Avoca's proposed exploration budgets which are summarised below:

	YEAR 1	YEAR 2	TOTAL
<b>WESTERN AUSTRALIA</b>			
Mungari	297,000	308,000	605,000
Wiluna South	338,250	370,000	708,250
Jimberlana	271,000	332,000	603,000
<b>Sub Total</b>	<b>906,250</b>	<b>1,010,000</b>	<b>1,916,250</b>
<b>SOUTH AUSTRALIA</b>			
Torrens	381,667	355,000	736,667
Whyalla	202,333	234,000	436,333
Moonta	341,667	315,000	656,667
<b>Sub Total</b>	<b>925,667</b>	<b>904,000</b>	<b>1,829,667</b>
Emerging Projects	166,666	166,667	333,333
<b>Total</b>	<b>1,998,583</b>	<b>2,080,667</b>	<b>4,079,250</b>

The proposed expenditures are realistic in the context of the equity being raised by the Company. It should be possible to properly evaluate the Western Australian properties to prefeasibility study levels in the 2 year period.

The budgets proposed for the three South Australian projects are relatively modest given the size of the tenement holdings. The expenditure should, however, permit first stage target generation, selective ground exploration and limited exploration drilling programmes of the key targets identified.

Avoca has no expenditure commitment on its joint ventured properties, however, a small allocation has been made to the evaluation of its remaining wholly owned project areas in Western Australian (referred to as emerging projects).

Avoca's planned exploration commitment of \$4,079,250 to the exploration of the projects represents approximately 82% of the funds proposed to be raised by Avoca after costs of the issue and satisfies the requirement of ASX Listing Rule 1.3.3 (b).

**8.6 CONCLUSIONS**

Avoca, through its historical relationship with Heron, has developed the capacity to successfully acquire significant and large exploration projects. Its intention is to explore, in its own right, projects that it assesses to have strong exploration potential which can be professionally managed given its resources. It is Avoca's policy to engage in mutually beneficial joint venture agreements with significant exploration companies on projects that it considers beyond its resources to realise full exploration potential.

In Snowden's opinion Avoca has a carefully conceived exploration strategy managed by experienced professional geologists. We are of the view that Avoca will prove to be prudent in its management of exploration expenditure and will be able to continue to successfully engage in productive joint venture arrangements with major companies. We expect that Avoca will continue to acquire exploration properties and will from time to time rationalise tenements it considers to be unprospective and of no strategic value.

In our opinion there is a reasonable probability that Avoca will achieve exploration success during the course of the next 2 years.

Yours faithfully



**Dr P A Snowden** D Phil, MAIG, FAusIMM, CPGeo  
Managing Director and Principal Geologist

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## INDEPENDENT SOLICITOR'S REPORT

**McKENZIE LALOR****Barristers, Solicitors and Notaries**

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14 February, 2002

The Directors  
 Avoca Resources Ltd  
 47 Brookman Street  
 KALGOORLIE WA 6430

Dear Sirs and Madam

**RE: INDEPENDENT SOLICITOR'S REPORT ON MINING TENEMENTS  
 AVOCA RESOURCES LIMITED**

This report is prepared for inclusion in a Prospectus to be dated on or about the 19th day of February, 2002 and to be issued by Avoca Resources Limited ("Avoca") for an underwritten issue of thirty million (30,000,000) ordinary Shares of \$0.20 in the capital of Avoca.

The report relates to various Western Australia and South Australia Mining Tenements and applications for Mining Tenements ("the Mining Tenements") set out in the Schedule of Mining Tenements ("the Schedule") which, together with the Notes to the Schedule of Mining Tenements ("the Notes") is enclosed and forms part of this report.

**SEARCHES**

We have conducted searches of the Mining Tenements in the Register maintained by the Western Australian Department of Minerals & Petroleum Resources and certain other records kept in the Register maintained by the Western Australian Department of Minerals and Petroleum Resources ("WA Department") pursuant to the Mining Act 1978 (as amended) ("WA Mining Act").

We have conducted searches of the Mining Tenements in the Register maintained by the South Australia Department of Primary Industry and Resources, South Australia Mineral Registration Division ("SA Department") pursuant to the South Australian Mining Act 1971 as amended ("SA Mining Act").

This report details the status of the Mining Tenements under the WA Mining Act 1978 (as amended) and the SA Mining Act as at the 24th and 25th days of January 2002.

As a result of those searches and subject to relying on the searches, we are satisfied that :-

- (a) the details of the Mining Tenements set out in the Schedule are accurate; and
- (b) where title to a Mining Tenement has not been granted or an application for extension of a term of a Mining Tenement is pending, that fact is disclosed in the Schedule and the Notes.

While the status of the Mining Tenements is dealt with in detail in the Schedule and Notes, we point out by way of summary that :-

- 1.** We have assumed the information in the registers maintained by the WA Department and SA Department is accurate.
- 2.** The references in the Schedule to the areas of the Mining Tenements are taken from details shown on our searches. It is not possible to verify the accuracy of those areas without conducting a survey. The area shown in hectares of the Mining Tenements have been taken from the searches conducted. The areas shown as graticular blocks have been taken from the searches conducted.
- 3.** We have assumed for each granted Mining Tenement that the grant of the Mining Tenement has complied with all statutory, administrative and other procedures.
- 4.** Some of the titles are applications. The grant of an application is generally within the discretion of the relevant Minister. We give no opinion as to whether the applications will ultimately be granted.

**5.** The holding of the Mining Tenements is subject to compliance with their terms and conditions including payment of rent and expenditure and reporting requirements and the provisions of the WA Mining Act and the SA Mining Act.

**6.** Certain conditions which apply to one or more of the Mining Tenements include standard environmental conditions. Mining Tenements are also subject to statutory requirements of certain other Acts including the Aboriginal Heritage Act 1972, Environmental Protection Act 1971, Rights in Water and Irrigation Act 1914 and Conservation and Land Management Act 1984 (Western Australia), and the Aboriginal Heritage Act 1988, Environmental Protection Act 1993, Environment Resources and Development Court Act 1993, the Water Conservation Act 1936, and Water Resources Act 1997 (South Australia).

**7.** In relation to the Mining Tenements in respect of which Avoca is not the registered holder of a legal interest, Avoca's interest in those Mining Tenements are contractual rights to acquire registered interest which depend on both Avoca and the other parties complying with and fulfilling the terms of the relevant agreements described in the Summary of Material Contracts.

**8.** Under the WA Mining Act an agreement is not able to pass any estate or interest in a Mining Tenement until registered in accordance with that Act.

**9.** Some of the agreements to which Avoca is a party and whereby Avoca purports to acquire its interests have not been registered. Some agreements to which Avoca is a party have been lodged for registration but have not completed the registration process. Lodgment of an agreement does not guarantee registration.

**10.** Avoca's interest in or rights in relation to the granted tenements are subject to the holder continuing to comply with the respective terms and the conditions of the respective granted tenements under the WA Mining Act and SA Mining Act and any regulations made pursuant to those Acts together with any conditions specifically applicable to any granted tenement. We have not independently verified whether work or expenditure commitments on the Mining Tenements have been complied with, or whether the Mining Tenements are in good standing.

**11.** Certain conditions which apply to one or more of the Mining Tenements granted under the WA Mining Act include :-

- (a) compliance with the provisions of the Aboriginal Heritage Act 1972 to ensure that no action is taken which is likely to interfere with or damage any aboriginal sites;
- (b) all surface holes drilled for the purpose of exploration are to be capped, filled otherwise made safe after completion;
- (c) all costeans and other disturbances to the surface of the land made as a result of exploration, including drilling pads, grid lines and access tracks being back filled and rehabilitated to the satisfaction of the District Mining Engineer. Back filling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the District Mining Engineer;
- (d) all waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the Mining Tenements prior to or at the termination of exploration programme;

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- (e) unless the written approval of the District Mining Engineer is first obtained, the use of scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval all top soil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations;
- (f) pursuant to the Savings and Transitional Provisions of the Mining and Amendment Act 1990 and 1994 all land surrendered, forfeited (other than forfeiture by plaintiff action) or expiring from a non graticular exploration licence will either :-
- (i) automatically be included into a graticular exploration licence, provided the surrender, forfeiture of expiry occurred after the grant of the particular licence; or
  - (ii) automatically be included into an application for graticular exploration licence provided the surrender, forfeiture or expiry occurred after 14th October 1995.
- (g) the licensee notifying the holder of any underlying pastoral lease by telephone or in person, or by registered post if contact cannot be made, prior to undertaking airborne geophysical survey or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs, water carting equipment or other mechanised equipment;
- (h) the licensee or transferee, as the case may be, shall within thirty (30) days of receiving written notification of:-
- (i) the grant of the licence; or
  - (ii) registration of a transfer introducing a new licensee.
- advise, by registered post, the holder of any underlying pastoral lease, details of the grant or transfer.

**ABORIGINAL SITES**

The Aboriginal Heritage Act 1972 Western Australia ("WA Heritage Act") applies to all of the Mining Tenements situated in Western Australia. The WA Heritage Act makes it an offence to alter or damage any Aboriginal site or object on or under an Aboriginal site. A site is defined to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent. There is no requirement or need for a site to be registered in any public record or to be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purpose of the WA Heritage Act.

The Aboriginal Heritage Act 1988 South Australia ("SA Heritage Act") applies to Mining Tenements which are situate in South Australia. The SA Heritage Act makes it an offence to damage, disturb or interfere with any Aboriginal site or object. A site is defined to include an area of land that it is of significance according to Aboriginal tradition or that is of significance to Aboriginal archaeology, anthropology or history. An Aboriginal object means an object of significance according to aboriginal tradition or of significance to Aboriginal archaeology, anthropology or history.

The Aboriginal and Torres Strait Islander Heritage Act 1984 ("Commonwealth Heritage Act") applies to all of the Mining Tenements and is aimed at the preservation and protection from desecration of significant Aboriginal areas and significant Aboriginal objects. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with Aboriginal tradition.

If any Aboriginal Sites are identified on any of the Mining Tenements then Avoca would need to ensure that any interference with such Aboriginal sites is in strict conformity with the provisions of the WA Heritage Act, SA Heritage Act and Commonwealth Heritage Act as appropriate.

**NATIVE TITLE**

The High Court of Australia held in *MABO v. Queensland* (No. 2) (1992) 175CLR ("MABO") that the common law of Australia recognises and will protect the Native Title Rights of Aboriginal Australians in cases where those rights have not been lawfully extinguished.

In order to maintain a Native Title Claim, the Aboriginal claimants must show they enjoy certain rights and privileges in respect of a particular area of land and that they have maintained a traditional connection with the land. Such a claim will not be recognised if the Native Title has been extinguished. Native Title can be extinguished by voluntary surrender to the Crown, abandonment of the land or the granting of an inconsistent interest in the land by the Crown.

The ("Racial Discrimination Act") 1975 enacted by the Commonwealth of Australia on 31st October 1975 is binding on the States of Western Australia and South Australia. The Racial Discrimination Act makes racial discrimination unlawful. The MABO Decision created uncertainty as to the validity of Mining Tenements granted, renewed or extended after 31st October 1975 and of conversions of Exploration Titles to Mining Leases occurring after that date. It also raises the possibility that the Crown or other persons will be liable to pay compensation in respect of the extinguishment, impairment or infringement of Native Title.

The Commonwealth of Australia enacted the Commonwealth Native Title Act 1993 ("Native Title Act") on 1st January 1994. The Native Title Act give statutory protection to Native Title. The Commonwealth Act was amended in 1988 by the Native Title Amendment Act 1998. These amendments include the validation of titles which may have been invalidly granted over pastoral leases and other leasehold interests between 1st January 1994 and 23rd December 1996.

Persons claiming to hold Native Title may lodge a claim with the Native Title Registrar. If the Native Title Registrar is satisfied that the claim meet the registration requirements as set out in the Native Title Act, it will be entered on the Register of the Native Title Claims maintained by the National Native Title Tribunal. Claims which fail to meet the registration test may be entered on the Register at a later date if additional information is provided by the Applicant to satisfy the Registration requirements.

The existence of a Registered Native Title Claim is not an indication that Native Title exists to the land covered by the claim. This matter will be determined by the Federal Court. None of the claims noted in this report have been determined by the Federal Court.

New claims can be lodged over areas the subject of the Mining Tenements in the future.

Many of the Mining Tenements relate to land which is the subject of Registered Native Title Claims. These claims are identified in the Schedule and Notes.

If Native Title is found to exist, the Native Title may be such that consent to mining may be required by the Native Title Holders.

We have not undertaken the legal, historical, anthropological and ethnographic research which would be necessary to form an opinion as to whether these Native Title Claims or any further Native Title Claims will ultimately be successful and if successful, what the implications would be for Avoca.

Mining Tenements granted since 23rd December 1996 will be valid provided the processes required by the Native Title Act were complied with. We understand that it has been the practice of the South Australian and Western Australian State Governments to comply with these processes. We have not undertaken an independent inquiry to confirm this.

The Native Title Act provides for registered Native Title claimants to be entitled to participate in a period of negotiations with the State proposing to grant the Mining Tenements and the applicants for the Mining Tenements. If the parties fail to reach an agreement which enables the grant of the Mining Tenement to occur, the matter is referred to the National Native Title Tribunal for arbitration. The Decision of the National Native Title Tribunal is subject to Ministerial overrule.

Heron has entered into various Native Title and Heritage Act Protection Agreements with Native Title claimants as noted in the Schedule. Pursuant to these agreements, certain of the Mining Tenements which are over land the subject of Native Title Claims are now able to be granted.

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The SA Mining Act contains a State alternative in Part 9B allowing a grant of title but no operations which would affect Native Title until authorised. The Native Title ("South Australian Validation and Confirmation Amendment Act") came into operation on the 14th December 2000. This legislation contains validation and confirmation provisions dealing with the validation of intermediate period acts and provisions setting out the effect that various categories of these acts have on native title rights and interests; the effects of previous exclusive possession acts have on native title rights and interests; the effects that previous non exclusive possession acts have on native title rights and interests; and provisions relating to the validation of future acts by indigenous land use agreement. The Native Title Act authorises State legislation to be passed in relation to these matters. The Native Title Act contains a number of provisions that are relevant to the interpretation of the State legislation.

**CONSENT**

This report is given solely for the benefit of Avoca and the Directors of Avoca in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any Government body or other person without our prior consent.

Yours faithfully,



McKENZIE LALOR

**NOTES TO REPORT**

**Note 1** This is a mining lease granted or applied for under the WA Mining Act. The mining lease remains in force for a period of 21 years. The lessee has a right to renew the lease for a period of 21 years. Following this period the Minister may renew the lease for successive periods of no more than 21 years.

Mining leases under the WA Mining Act are granted subject to various conditions prescribed by the Act including payment of rental, minimum expenditure and reporting requirements. Royalties are also payable in relation to specified minerals obtained from the mining lease.

Unless otherwise stated, the lease has been granted with conditions for the prevention of injury to land and its rehabilitation.

A mining lease cannot be assigned or sublet without the prior written consent of the Minister.

**Note 2** This is a prospecting licence granted or applied for under the WA Mining Act. Such a licence remains in force for a period of 4 years.

Prospecting licences are granted subject to various conditions prescribed by the Mining Act including payment of rental, minimum expenditure and reporting requirements.

Unless otherwise stated, the licence has been granted with conditions for the prevention of injury to land and its rehabilitation.

**Note 3** This is an exploration licence created under the WA Mining Act. An exploration licence remains in force for a period of 5 years and may be extended by a further term or periods of 1 or 2 years on application.

A licensee must surrender not less than half the area of an exploration licence at the end of the third year of the term and not less than half of the remaining area at the end of the fourth year of the term. An application may be made for an exemption from the requirement to surrender which is subject to the discretion of the Minister.

Exploration licences are granted subject to various conditions prescribed by the WA Mining Act including payment of rent and minimum expenditure and reporting requirements. The Minister has a discretion to impose further conditions on the licence and conditions relating to rehabilitation to injury to land and other environmental conditions are usually imposed and may be taken to have been so unless otherwise stated. During the first year of the term of an exploration licence, a legal or equitable interest in or effecting an exploration licence shall not be transferred or otherwise dealt with without prior written consent of the Minister.

**Note 4** This is a pending application which may be granted or refused or granted subject to Special Conditions.

**Note 5** No objection has been lodged to this application. The time for lodging objections has expired.

**Note 6** The Warden has recommended the tenement for approval.

**Note 7** It is a condition of this tenement that there be no excavation, excepting shafts approaching closer to the Coolgardie/Esperance highway, highway verge or the road reserve at a distance equal to twice the depth of the excavation and mining on the Coolgardie/Esperance highway or highway verge being confined to the lower depth of 30 metres from the natural surface, on any other road or road verge, to the lower depth of 15 metres from the natural surface, the prior written consent from the Minister for State Development being obtained before commencing mining on Unnumbered Land Act Reserve 21, there be no interference with Geodetic Survey Station SSM-Norseman 73 and mining within 15 metres thereof being confined to the lower depth of 15 metres from the natural surface, there be no mining on a strip of land 60 metres wide with the West Kalgoorlie/Esperance Railway Line as the centre-line and no materials being deposited or machinery or buildings being erected on such strip of land, blasting operations being controlled so that no damage or injury can be caused by fly rock, concussion, vibration or other means, mining on a strip of land 20 metres wide with any above ground water pipe line as the centreline being confined to the lower depth of 31 metres from the natural surface and no mining material being deposited upon such strip and the

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rights of ingress to and egress from the facility being at all times preserved to the owners thereof and there be no interference with Telstra cables or the installations in connection therewith, and the rights of ingress to and egress from the facility being at all times preserved to the owners thereof.

**Note 8** An Objection has been lodged to this application by Kinross Gold Australia Pty Ltd. This Objection has not been dealt with.

**Note 9** This tenement is subject to Caveat 420H/001 by Barra Resources Limited.

**Note 10** M29/310 has been lodged pursuant to s.67 of the Mining Act to convert E29/290 to a Mining Lease.

**Note 11** This tenement is subject to Caveat 419H/001 by Barra Resources Limited.

**Note 12** Mining Leases M30/184, M30/185 and M30/173 have been applied for pursuant to s.67 of the Mining Act to convert granted Exploration Licence E30/166 to a Mining Lease.

**Note 13** E 16/275 has been applied for by Avoca over the ground the subject of E16/182. E16/182 will be withdrawn after the objection period for E16/275 has expired.

**Note 14** It is a condition of this tenement that the right of ingress to and egress from Miscellaneous Licence 16/50 be at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.

**Note 15** Applications for Mining Lease 16/454 and 16/446 have been applied for pursuant to s. 67 of the Mining Act for conversion of E16/146 to Mining Leases.

**Note 16** This is an application for conversion of granted P16/1682 to a Mining Lease pursuant to s.49 of the Mining Act.

**Note 17** This is an application for conversion of granted P16/1683 and P16/1684 to a Mining Lease pursuant to s.49 of the Mining Act.

**Note 18** This is an application for conversion of granted P16/1685, 16/1697, 16/1686, 16/1696 pursuant to s. 49 of the Mining Act.

**Note 19** This is an application for conversion of granted P16/1963 pursuant to s.49 of the Mining Act.

**Note 20** This is an application for conversion of granted P15/3812, 15/3813 pursuant to s.49 of the Mining Act.

**Note 21** It is a condition of this tenement that mining on a strip of land 20 metres wide with any above ground water pipe line as the centreline be confined to the lower depth of 31 metres from the natural surface and no mining material being deposited upon such strip and the rights of ingress to and egress from the facility being at all times preserved to the owners thereof.

**Note 22** It is a condition of this tenement that the prior written consent of the Minister for State Development be obtained before commencement of mining on Landscape Protection Reserve 45560.

**Note 23** It is a condition of this tenement that there be no interference with the transmission line or the installation in connection therewith, and the rights of ingress to and egress from the facility be at all times preserved to the owners thereof.

**Note 24** It is a condition of this tenement that blasting operations be controlled so that no damage or injury can be caused by fly rock concussion, vibration or other means.

**Note 25** It is a condition of this tenement that in respect to the area shown as Tengraph FNA 274 or areas that FNA the following conditions shall apply:-

No prospecting operations or mining operations being conducted that will interfere with or endanger the construction operations of the gas pipe line and associated facilities under the Agreement (as amended from time to time) granted by the Goldfields Gas Pipeline Agreement Act 1994 and rights of ingress to and egress from the area and their employees, agents and contractors.

**Note 26** This tenement is subject to Registered Agreement 84H/990 Agreement (Joint Venture) AngloGold Australasia Limited & Heron Resources NL and registered Caveat by AngloGold Australasia Limited.

**Note 27** Application for Mining Lease 26/751 has been applied for pursuant to s.49 of the Mining Act to convert the ground the subject of granted Prospecting Licences 26/2791, 26/2792, 26/2794 and 28/00 to a Mining Lease. This application has not been granted.

**Note 28** It is a condition of this tenement that the rights of ingress to and egress from Miscellaneous Licence 26/176 be at all times preserved to the licensee and no interference with the purpose or installation connected to the licence.

**Note 29** It is a condition of this tenement that there be no mining on a strip of land 60 metres wide with the Kalgoorlie/Esperance Railway Line as the centreline and no materials being deposited or machinery or buildings being erected on such strip of land.

**Note 30** Consent to mine on Parklands Reserves 8168 was given in relation to this tenement on 12th December 1996.

**Note 31** It is a condition of this tenement that prior written consent of the Minister for Mines be obtained before commencing mining on Parklands Reserve 8168.

**Note 32** Consent to mine on Parklands Reserve 8168 given on 10th April 1997.

**Note 33** Application for Mining Lease 26/762 has been applied for pursuant to s.49 of the Mining Act to convert the ground the subject of Prospecting Licences P26/2801 and P26/2802 to a Mining Lease.

**Note 34** It is a condition of this tenement that the prior written consent of the Minister for Mines be obtained before commencing mining on Boulder Townsite. The grant of this licence does not include any private land agreed to in s.29(2) of the WA Mining Act except that below 30 metres from the natural surface of the land.

**Note 35** Application for Mining Lease 26/750 has been applied for pursuant to s.49 of the WA Mining Act to convert granted P26/2803 to a Mining Lease.

**Note 36** The grant of this licence does not include any private land referred to in s.29(2) of the Mining Act 1978 except that below 30 metres from the natural surface of the land.

**Note 37** Application for Mining Lease 26/763 has been applied for pursuant to s.49 of the WA Mining Act to convert granted Prospecting Licence P26/2814 and P26/2815 to a Mining Lease.

**Note 38** This tenement is subject to Registered Agreement 19H012 Agreement (Joint Venture) AngloGold Australasia Ltd & Heron Resources NL and registered Caveat by AngloGold Australasia Ltd.

**Note 39** It is a condition of this tenement that prior written consent of the Minister for State Development be obtained before commencing mining on Unnumbered Land Act Reserve 11, Quarry Railways Reserve 34568 and Parklands Reserve 8168.

**Note 40** This tenement is subject to Registered Agreement 12H012 Agreement (Joint Venture) Heron Resources NL and AngloGold Australasia Ltd and Caveat registered by AngloGold Australasia Ltd.

**Note 41** It is a condition of this tenement that the prior written consent of the Minister for State Development be obtained before commencing mining on an Unnumbered Land Act Reserve 11, no mining within 25 metres of either side of the Goldfields Gas Pipeline, no surface excavation, no surface excavation approaching closer to the boundary of the Safety Zone established by Condition 8 hereof at a distance equal to three times the depth of the excavation without the prior written approval of the State Mining Engineer, no interference with the drainage pattern and no parking, storage or movement of equipment or vehicles used in the course of mining within the safety zone established by Condition 8 hereof without the prior approval of the operators of the Gas Pipeline, the licensee shall not excavate, drill, install, erect, deposit or permit to be excavated, drilled, installed, erected or deposited within the Safety Zone established in

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Condition 8 hereof, any pit, well, pavement, foundation, building, or other structural installation, or material of any nature whatsoever without the prior written consent of the State Mining Engineer, no explosives be used or stored within 150 metres of the Goldfields Gas Pipeline without the prior written consent of the State Mining Engineer, mining on the Safety Zone established in the Goldfields Gas Pipeline hereof be confined to the lower depth of 50 metres from the natural surface unless otherwise approved by the State Mining Engineer, the rights of ingress to and egress from the Pipeline Easement established for the Goldfields Gas Pipeline hereof being at all times preserved for employees, contractors and agents of the operators of the Gas Pipeline, such further conditions as may from time to time be imposed by the Minister for State Development for the purpose of protecting the Goldfields Gas Pipeline.

**Note 42** This tenement is subject to Agreement 84H/990 (Joint Venture) Heron Resources NL & AngloGold Australasia Ltd and Caveat 829H/990 by AngloGold Australasia Ltd.

**Note 43** It is a condition of this tenement that the prior written consent of the Minister for Mines be obtained before commencing mining on Unnumbered Land Act Reserve M11.

**Note 44** It is a condition of this tenement that there be no interference with Geodetic Survey Station G27-3 and mining within 15 metres thereof being confined to the lower depth of 15 metres from the natural surface.

**Note 45** Extension of term KA58/012 has been applied for and is pending determination.

**Note 46** It is a condition of this tenement that the rights of ingress to and egress from Miscellaneous Licence 27/157 be at all times preserved to the licensee and no interference with the purpose or installations connected with the licence, no interference with Geodetic Survey Station KG5, KG7 and KGG8 and mining within 15 metres thereof being confined to the lower depth of 15 metres from the natural surface, the prior written consent of the Minister for Mines being obtained before commencing mining on National Park Reserve 75637 and Water Reserve 5057.

**Note 47** Application for Mining Leases 24/799 and 24/800 have been applied for pursuant to s.67 of the WA Mining Act to convert E27/169 to Mining Leases.

**Note 48** Mining Lease Application 24/799 is an application pursuant to s.49 and 67 of the WA Mining Act to convert granted P24/3459, P24/3461, P24/3471, P24/3472 and P24/3478 and E27/169 to a Mining Lease.

**Note 49** Mining Lease Application 24/800 has been applied for pursuant to s.49 and s.67 of the WA Mining Act to convert Prospecting Licences P24/3476, P24/3477, portion of P24/3478 and portion of E27/169 to a Mining Lease.

**Note 50** It is a condition of this tenement that there be no interference with Geodetic Survey Station SSM Kurnalpi 12 and mining within 15 metres thereof being confined to the lower depth of 15 metres from the natural surface, the rights of ingress to and egress from Miscellaneous Licence 28/21 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence and the prior written consent of the Minister for State Development being obtained before commencing mining in Water Reserve 16727.

**Note 51** This tenement is subject to Caveat 850H/001 by Newhampton Goldfields Ltd.

**Note 52** Mining Lease Application M25/267 has been applied for pursuant to s.67 of the WA Mining Act to convert granted E25/114 to a Mining Lease.

**Note 53** This tenement is subject to Caveat 851H/001 by Newhampton Goldfields Ltd.

**Note 54** This tenement is subject to Caveat 852H/001 by Newhampton Goldfields Ltd.

**Note 55** It is a condition of this tenement that there be no interference with Geodetic Survey Station SSM-G25-3, SSM Kurnalpi 43 and mining within 15 metres thereof be confined to below a depth of 15 metres from the natural surface.

**Note 56** This tenement is subject to Caveat 853H/001 by New Hampton Goldfields Ltd.

**Note 57** It is a condition of this tenement that the prior written consent of the Minister for Mines be obtained before commencing mining on Timber Reserve 195/25 and mining below Hampton Location CG30 (Australia National Railway) requiring the approval of the Executive Government of the Commonwealth.

**Note 58** This tenement is subject to Caveat 854H/001 by New Hampton Goldfields Ltd.

**Note 59** This tenement is subject to Caveat 855H/001 by New Hampton Goldfields Ltd.

**Note 60** This tenement is subject to Caveat 856H by New Hampton Goldfields Ltd.

**Note 61** This tenement is subject to Caveat 857H/001 by New Hampton Goldfields Ltd. Copy document 130H/001.

**Note 62** It is a condition of this tenement that the prior written consent of the Minister for Mines be obtained before commencing mining on Forrest Reserve 194/25.

**Note 63** This tenement is subject to Caveat 858H/001 by New Hampton Goldfields Ltd.

**Note 64** This tenement is an Application for exploration licence. The application is subject to Objection KA73/001 by Solomon (Australia) Pty Ltd. This matter has not yet been determined.

**Note 65** It is a condition of this tenement that in respect of the area outlined red on the public plan or areas within that area as endorsed on the plan, the following conditions shall apply; no prospecting exploration or mining activities being conducted that would interfere with or endanger the construction or operations of the gas pipeline and associated facilities under the Agreement ratified by the Goldfields Gas Pipeline Agreement Act 1994 and rights of ingress to and egress from the area being at all time preserved to the Joint Venturers under that Agreement and their employees, agents and contractors, consent to mine on Peak Hill Leonora Stock Route Reserve 9699 and Resting Place for Travellers and Stock Reserve 7371 given subject to the following conditions:-

No mining operations being carried out on Peak Hill Leonora Stock Route Reserve 9699 and Resting Place for Travellers and Stock Reserve 3731 Reserve which restrict the use of the Reserve.

**Note 66** Application for Mining Lease 37/1088 has been applied for pursuant to s.69 of the WA Mining Act to convert granted E37/406 to a Mining Lease.

**Note 67** This tenement is subject to Agreement No. 14H/012 (Joint Venture) WMC Resources Ltd & Heron Resources NL and a registered Caveat by WMC Resources Ltd.

**Note 68** M37/931 is an Application pursuant to s.49 of the WA Mining Act to convert granted P37/5097 to a Mining Lease.

**Note 69** It is a condition of this tenement that the rights of ingress to and ingress from Miscellaneous Licence 40/17 be at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.

**Note 70** It is a condition of this tenement that the prior written consent of the Minister for Mines be obtained before commencing mining on Water Reserve 8641.

**Note 71** It is as condition of this tenement that there be no interference with Geodetic Survey Station SSM-Edjudina 24 and mining within 15 metres thereof being confined to the lower depth of 15 metres from the natural surface

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**Note 72** It is a condition of this tenement that there be no interference with Geodetic Survey Station G38-2 and mining within 15 metres thereof being confirmed to the lower depth of 15 metres from the natural surface.

**Note 73** Persons claiming Native Title to the land the subject of this Mining tenement entered into a Deed under the Native Title Act 1993 with the State of Western Australia, the Minister for State Development and the Tenement Holder agreeing to the grant of a tenement. Copies of the Deed were given to the National Native Title Tribunal pursuant to s.34 of the Native Title Act and filed at the Department of Minerals and Petroleum Resources.

**Note 74** This tenement is subject to a registered Caveat by Gutnick Resources NL.

**Note 75** Application for Mining Lease M31/313 has been applied for pursuant to s.67 of the WA Mining Act to convert granted E31/263 to a Mining Lease.

**Note 76** This tenement is subject to an Application for Extension of Term KA85/001 for a period of 2 years. This extension has not yet been dealt with.

**Note 77** This tenement is subject to Complaint KA8/001 by Ajax Mining Nominees Pty Ltd (for forfeiture). This complaint has not been dealt with.

**Note 78** It is a condition of this tenement that there be no mining on Cemetery Reserve 8679 and mining within a distance of 140 metres laterally from the Reserve be confined to the lower depths of 50 metres from the lowest part of the surface of the land with rights of ingress to and egress from the said Reserve being at all times preserved to the public.

**Note 79** An Application for Amalgamation KA2/012 has been lodged for Prospecting Licence 31/1522. This application is pending.

**Note 80** Amalgamation Application KA1/012 has been lodged for Prospecting Licence 31/1462 and Mining Lease 31/117. This application is pending.

**Note 81** This tenement is subject to Complaint KA21/012 by MPF Exploration Pty Ltd (for forfeiture). This complaint has not been dealt with.

**Note 82** It is a condition of this Licence that there be no interference with the use of the aerial landing ground and mining thereon being confined to the lower depth of 15 metres from the natural surface.

**Note 83** It is a condition of this tenement that the prior written consent of the Minister for Mines be obtained before commencing mining on Water Reserves 5583, 6562 and 11337.

**Note 84** Application M28/261 has been applied for pursuant to s.49 of the WA Mining Act to convert granted Prospecting Licences P28/923, P28/924, P28/925, P28/926 and P28/927 to a Mining Lease.

**Note 85** Application for Mining Lease 39/812 has been applied for pursuant to s.49 of the WA Mining Act to convert granted P39/3691 to a Mining Lease.

**Note 86** It is a condition of this tenement that in respect to the area shown as Tengraph PNR/90 hereinafter referred to as the designated area, the following conditions shall apply:-

- prior to any environmental disturbance as defined by the State Mining Engineer, the licensee preparing a detailed program for each phase of proposed exploration for approval by the State Mining Engineer. This program to include :-
- maps and/or aerial photographs showing the proposed locations of all roads, tracks, camps, costeans and other disturbances.
- the purpose, specifications and life of such roads, tracks, camps, costeans and other disturbances.
- descriptions of all vegetation types (in general terms), land forms and unusual features likely to be disturbed by such proposed disturbances;
- proposals which may disturb any declared area or geographically restricted flora and fauna;
- techniques, prescriptions and timetable for rehabilitation of all proposed disturbances;

- undertaken corrective measures for failed rehabilitation;
- details of water requirements from within the designated area;
- details of refuge disposals;
- proposals for instruction and supervision of personnel and contractors in respect to environmental conditions;
- at agreed intervals not greater than twelve monthly, the licensee providing a brief report to the State Mining Engineer outlining the progress of the operation rehabilitation program and the proposed operations and rehabilitation program for the next twelve months;
- prior to accessing the licensed area, the licensee shall consult the Regional Environmental Officer, Department of Minerals & Energy and ensure that where required, all vehicles and equipment entering the designated area are washed down to remove soil and plant propagules and adhering to such conditions specified for the prevention of the spread of soil bearing diseases;
- access to and from and the movement of vehicles within the licensed area being restricted to ground or seasonal conditions and routes approved under the program or otherwise agreed by the Regional Environmental Officer, Department of Minerals & Energy; prior to cessation of the exploration/prospecting activity in the designated area, the licensee notifying the District Mining Engineer and arranging an inspection as required.

**Note 87** It is a condition of this tenement that in respect to the area designated as a PNR/90 in Tengraph Special Conditions apply to accessing the licensed area and carrying out exploration. See Special Conditions 5,6,7 and 9 on the Schedule of Conditions included in the grant.

**Note 88** It is a condition of this tenement that survey, mining on any road verge or road reserve being confined to the lower depth of 15 metres from the natural surface; the construction and operation of the project and the measures to protect the environment being carried out generally in accordance with the document titled : "Notice of Intent – Low Impact Mining Operation" dated stamped Kalgoorlie Inspectorate Office on July 1997 signed by Glen Sampson and retained on Department of Minerals & Energy File No. 2160/97; and

where a difference exists between the above documents and the following conditions, then the following conditions shall prevail.

As far as is practicable, larger shrubs and trees being left untouched. Following operations, the soil being re-spread over the worked area so as to reconstitute the original landform, in particular creeks and channels being reconstituted, rubbish and scrapings to be progressively disposed of in a suitable manner at the termination of operations, all man made structures, dwellings and other developments being removed from the site. The site is to be left in a clean and tidy state. The affected area being re-seeded with local native trees, shrubs and grasses in the autumn following cessation of operations. The District Mining Engineer being notified of cessation of operations for a joint inspection. The active area of disturbance is to be kept to an area of one hectare or less at all times, with progressive rehabilitation of disturbed area occurring prior to further clearing.

**Note 89** It is a condition of this tenement that there be no mining on Euro town sites without the prior written authority of the Minister for Mines.

Consent to mine on Laverton Water Reserve given subject to :-

No mining being carried out within a radius of 30 metres of any bore or well. No action being taken that will interfere with the natural drainage or adversely affecting quality or quantity of the water in any water course, dam, water hole, spring or subterranean source of supply.

Authorised officers of the Minister for Water Resources being permitted at all reasonable times to enter onto the Mining Tenement for the purposes of the inspection and for water source investigation as provided for in the Public Works Act, as amended.

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**Note 90** It is a condition of this tenement that consent to mine on the Laverton Water Reserve given subject to the following:-

- no mining being carried out within a radius of 30 metres of any bore or well;
- no action being taken that will interfere with the natural drainage or adversely affecting quality or quantity of the water in any water course, dam, water hole, spring or subterranean source of supply.

Authorised officers of the Water and Rivers Commission being permitted at all reasonable times to enter onto the Mining Tenement for the purposes of inspection and for water source investigation as provided for in the Public Works Act, as amended.

**Note 91** This tenement is subject to the condition that the prior written consent of the Minister for Mines be obtained before commencing mining on Trigonometrical Station Reserve 7174.

**Note 92** This tenement is subject to Registered Agreement 179H/978 (Heads) between Metex Resources NL, Nickelex Pty Ltd & Heron Resources NL and registered Caveat by Metex Resources NL.

**Note 93** It is a condition of this tenement that rights to ingress to and egress from Miscellaneous Licence 38/36 and 38/64 be at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.

Mining on a strip of land 20 metres wide with any water pipe line as the centreline being confined to the lower depth of 31 metres from the natural surface and no mining material being deposited upon such strip and the rights of ingress to and egress from the facility being at all times preserved to the owners thereof.

**Note 94** This tenement is subject to Agreement 175H/978 (Heads) between Metex Resources NL, Nickelex Pty Ltd & Heron Resources NL.

**Note 95** Application for Mining Lease 39/754 has been applied for pursuant to s.49 of the WA Mining Act to convert granted Prospecting Licence P39/3454 to a Mining Lease.

**Note 96** Application for Mining Lease 39/755 has been applied for pursuant to s.49 of the WA Mining Act to convert granted Prospecting Licences P39/3455, P39/3456 and P39/3457 to a Mining Lease.

**Note 97** Application for Mining Lease 39/753 has been applied for pursuant to s.49 of the WA Mining Act to convert granted Prospecting Licences P39/3466, P39/3467, P39/3468 and P39/3469 to a Mining Lease.

**Note 98** It is a condition of this tenement that the rights of ingress to and egress from Miscellaneous Licence 39/50 be at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.

**Note 99** This tenement is subject to Objection 94/990 by Sons of Gwalia Ltd & Mt. Burgess Gold Mining Company NL.

**Note 100** This is an exploration licence granted or applied for under the SA Mining Act. The exploration licence can be granted for a term to be decided upon by the Minister of up to 5 years. Exploration licences are granted subject to various conditions prescribed by the SA Mining Act and to such additional conditions as the Minister thinks fit and specifies in the licence. It shall be a condition of an exploration licence that the Minister may, at any time, require the holder of the licence to pay to any person an amount of compensation, stipulated by the Minister, to which that person is, in the opinion of the Minister, entitled in consequence of loss or damage suffered by him as a result of operations conducted in pursuance of the licence.

Exploration licences are granted subject to conditions including the payment of rent and expenditure and reporting requirements. An exploration licence is subject to the following conditions:<sup>1</sup>

<sup>1</sup> Expenditure obligations will be included in conditions imposed by the Minister under section 30(1)(b) of the Act.

- (a) the licensee must, as soon as reasonably practicable, report to the Director the discovery on the land of minerals potentially capable of economic production;

- (b) the licensee must conduct operations under the licence (including managing waste resulting from mining operations) in accordance with a program approved, from time to time, by the Minister designed to –
- (i) prevent pollution to or contamination of surface or underground waters;
  - (ii) minimise surface damage to the land; and
  - (iii) ensure that, in drilling or other underground investigations, no interconnection between groundwater aquifers occurs;
- (c) the licensee must obtain the approval of the Director before any of the following occurs (or begins) in connection with operations conducted under the licence:
- (i) construction of a major campsite or new track; or
  - (ii) upgrading of a track;
- (d) the licensee must ensure that the use of vehicles in connection with operations conducted under the licence off existing roads or tracks or tracks approved by the Director, is kept to a minimum;
- (e) the licensee must give written notice of the following matters to the Director:
- (i) a proposal to carry out an airborne survey of the land (including details of the type of survey, the area to be surveyed, flight line spacing and flight height); or
  - (ii) a proposal to investigate the use of groundwater on the land for the purpose of water supplies, de-watering, in-site leaching, waste disposal or other purpose;
- (f) the licensee must allow an inspector or authorised person under the Act, at any reasonable time, to enter and remain on the land for the purpose of surveying the land and examining the condition of the land;
- (g) the licensee must within 60 days after making a request to the Minister for a reduction in the area of the land in respect of which the licence operates submit to the Minister a technical report of the exploratory operations carried out in the area sought to be excluded from the licence;
- (h) exploration or other reports, and geological data and samples, required to be submitted under the Act to the Minister or the Director must be submitted by times, and in a manner and form, determined by the Director.

If a Mining Tenement or private mine within the area of an Exploration Licence ceases to exist, the area of land within the Mining Tenement or private mine will be incorporated into the area of the licence.

**Note 101** This is an Exploration Licence granted or applied for under the SA Mining Act. The Exploration Licence was granted for the term of one (1) year commencing on the twentieth day of September 2000 authorising the licensee to explore for all minerals except extractive minerals or precious stones within the area defined in Schedule A excluding that part of such area being land :

- comprised in precious stones field; or
- subject to a mining tenement; or
- comprised in a private mine

The License is, if the licensee has complied with the Act and the Regulations and the conditions of the Licence during the term for which the Licence was granted or last renewed, entitled to the renewal of the Licence for a further term as determined by the Minister (but not so the aggregate term of the licence exceeds 5 years) upon making application for renewal to the Minister in accordance with Section 30A of the Act.

This Licence is subject to the following conditions:

This Licence confers no rights on the Licensee to carry out operations on "native title land" (as defined in the Native Title (South Australia) Act 1994) within the area of this Exploration Licence other than in accordance with Part 9B of the Mining Act, 1971.

## INDEPENDENT SOLICITOR'S REPORT

1. The Licensee shall conduct operations so as not to disturb the environment except in so far as this may be necessary to undertake the programme of exploration required by this Licence.
  2. The licensee must obtain the approval of the Director of Mines before any of the following occurs in connection with operations conducted under the Licence;
    - (i) upgrading (by use of declared equipment) of any existing track;
    - (ii) use of declared equipment; or
    - (iii) use of drilling equipment.
  3. Requests for approval of operations must be submitted in a manner and form acceptable to the Director of Mines.
  4. The licensee shall abide by the provisions of the Aboriginal Heritage Act 1988.
  5. Prior to commencing construction of major campsites, intensive track networks, airstrips and other major support facilities, a Declaration of Environmental Factors shall be submitted to, and approved in writing by, the Director of Mines.
  6. In the event that the licensee encounters significant underground water during drilling operations the licensee shall notify the exact location of such underground water to the Director of Mines and shall, if practicable, collect samples and forward to the Director of Mines.
  7. Within thirty days after the end of each six calendar month period (commencing from the date of grant) a summary report, in the form issued by the Director of Mines, must be lodged bi0annually with the Director of Mines.
  8. Within sixty days after the end of each year (a year being the period of twelve calendar months ending on the anniversary of the date upon which the Licence comes into force), the licensee shall submit to the Director of Mines a full and complete technical report of work conducted during that year.
  9. Within sixty days of a request by the licensee to the Minister for a reduction in the area of land in respect of which the Licence operates, the licensee shall submit a technical report of the exploratory operations carried out in the area to be excluded form the Licence.
  10. Exploration reports, data and samples required to be submitted under the Mining Act by the licensee must be in a manner and from acceptable to the Director of Mines.
  11. On completion of investigations, exploration drill holes may be required to be completed by the placing of appropriate cement plugs to prevent contamination or wastage of groundwater. This requirement will be advised where required at the time approval is given for the proposed drilling.
  12. Exploration reports, data and samples submitted in accordance with the conditions of this Licence will be kept confidential while the Licence of any flow-on title is in force except where:
    - (i) the licensee has agreed that reports may be released;
    - (ii) the reports deal with exploration conducted on areas that have ceased to be part of the licence or flow-on title under the Mining Act.
- E.** The land the subject to this tenement is affected by the Native Title Claim WG0070/98 CENTRAL EAST GOLDFIELDS PEOPLE which passed the Registration Test on 04/10/1999.
- F.** The land the subject to this tenement is affected by the Native Title Claim WG6170/98 NAMOOBINYA FAMILY GROUP which passed the Registration Test 04/08/1999.
- G.** The land the subject to this tenement is affected by the Native Title Claim WG6005/98 WONGATHA which passed the Registration Test 10/02/2000.
- H.** The land the subject to this tenement is affected by the Native Title Claim WG6064/98 WUTHA which passed the Registration Test 15/06/1999.
- I.** The land the subject to this tenement is affected by the Native Title Claim WG6008/98 KOARA PEOPLE which claim has not yet passed the Registration Test.
- J.** The land the subject to this tenement is affected by the Native Title Claim WG6043/98 SPINIFEX PEOPLE which passed the Registration Test 28/09/1999.
- K.** The land the subject to this tenement is affected by the Native Title Claim SC00/003 KUJANI which passed the Registration Test 10/08/2001.
- L.** The land the subject to this tenement is affected by the Native Title Claim SC96/004 BARNGARLA which passed the Registration Test 04/04/1996.
- M.** The land the subject to this tenement is affected by the Native Title Claim SC96/005 NUKUNU which passed the Registration Test 10/04/1996.
- N.** The land the subject to this tenement is affected by the Native Title Claim SC99/002 KOKATHA which passed the Registration Test 21/06/1999.
- O.** Heritage Protection Agreement between Heron Resources Limited and Central West Goldfields People dated 26th April 2001. Heron Resources Limited has entered into an Heritage Protection Agreement with the Central West Goldfields People pursuant to which the Central West Goldfields People agree not to object to the grant of Exploration Licences and Prospecting Licences within the area of their claim. In return, Heron Resources Limited agrees to conduct heritage protection surveys prior to conducting any exploration activities on the ground. Heron Resources Limited may assign all or any part of its legal and beneficial interest in this Agreement to Avoca providing that Avoca enters into a Deed to be bound by the terms of the Agreement.
- P.** Heron Resources NL has entered into a Deed for the grant of this Mining Tenement with Marjorie May Strickland and Ann Joyce Nudding for the MADUWONGGA PEOPLE.
- Q.** Heritage Protection Agreement between CENTRAL EAST GOLDFIELDS PEOPLE and HERON RESOURCES LIMITED dated 17th July 2001. Heron Resources Limited has entered into an Heritage Protection Agreement with the CENTRAL EAST GOLDFIELDS PEOPLE pursuant to which the CENTRAL EAST GOLDFIELDS PEOPLE agree not to object to the grant of Exploration Licences and Prospecting Licences within the area of their claim. In return Heron agrees to conduct heritage protection surveys prior to conducting any exploration activities on the ground. Heron my assign all of any part of its legal and beneficial interest in this Agreement to Avoca providing that Avoca enters into a Deed to be bound by the Agreement.

## NATIVE TITLE

- A.** The land the subject to this tenement is affected by Native Title Claim WG6020/98 NGADJU which passed the Registration Test on 21/09/2000.
- B.** The land the subject to this tenement is affected by Native Title Claim WG6243/98 WIDJI PEOPLE which passed the Registration Test on 28/02/2000.
- C.** The land the subject to this tenement is affected by Native Title Claim WG0076/97 MADUWONGGA PEOPLE which passed the Registration Test on 05/11/1999.
- D.** The land the subject to this tenement is affected by Native Title Claim WG0065/98 CENTRAL WEST GOLDFIELDS PEOPLE which passed the Registration Test on 04/10/1999.

AVOCA RESOURCES LIMITED

PROJECT TENEMENT SCHEDULE

PROSPECT NAME	TENEMENT NUMBER/TYPE	REGISTERED HOLDER/APPLICANT	GRANT STATUS	REGISTERED INTEREST OF SHARES	COMMENCEMENT DATE	DATE EXPIRES	AREA No. OF GRATIC BLOCKS	\$ MINIMUM ANNUAL EXPENDITURE (UPON GRANT)	SEE NOTES	NATIVE TITLE
COWAN PGM	E63/802	Avoca	Pending	100%	Pending	Pending	70 blocks	63000	3,4,5,6	A
COWAN PGM	E63/803	Avoca	Pending	100%	Pending	Pending	70 blocks	63000	3,4,5,6	A
COWAN PGM	P63/1137	Heron	Pending	100%	Pending	Pending	119HA	4760	2,4	A
COWAN PGM	P63/1138	Heron	Granted	100%	16/07/01	15/07/05	143HA	5720	2,7	A
COWAN PGM	P63/1139	Heron	Pending	100%	Pending	Pending	121.17HA	4880	2,4,5	A
COWAN PGM	P63/1140	Heron	Pending	100%	Pending	Pending	121.4HA	4880	2,4,5	A
COWAN PGM	P63/1141	Heron	Pending	100%	Pending	Pending	196.24HA	7880	2,4,5	A
COWAN PGM	P63/1142	Heron	Pending	100%	Pending	Pending	121.27HA	4880	2,4,5	A
COWAN PGM	P63/1143	Heron	Pending	100%	Pending	Pending	123.8HA	4880	2,4,8	A
COWAN PGM	P63/1144	Heron	Pending	100%	Pending	Pending	151.1HA	6080	2,4,8	A
COWAN PGM	P63/1145	Heron	Pending	100%	Pending	Pending	177.4HA	7080	2,4,8	A
Mt. NORCOTT PGM	P63/1160	Avoca	Pending	100%	Pending	Pending	117HA	4680	2,4,5	A
Mt. NORCOTT PGM	P63/1161	Avoca	Pending	100%	Pending	Pending	122HA	4880	2,4,5	A
Mt. NORCOTT PGM	P63/1162	Avoca	Pending	100%	Pending	Pending	187HA	7480	2,4,5	A
Mt. NORCOTT PGM	P63/1163	Avoca	Pending	100%	Pending	Pending	192HA	7680	2,4,5	A
Mt. NORCOTT PGM	E63/709	Heron	Pending	100%	Pending	Pending	70 blocks	63000	3,4,5,6	A
Mt. NORCOTT PGM	E63/712	Heron	Pending	100%	Pending	Pending	70 blocks	63000	3,4,5,6	A
Mt. NORCOTT PGM	E63/798	Avoca	Pending	100%	Pending	Pending	45 blocks	40500	3,4,5,6	A
Mt. NORCOTT PGM	E63/804	Avoca	Pending	100%	Pending	Pending	52 blocks	46800	3,4,5,6	A
FRASER RANGE PGM	E28/1162	Heron	Pending	100%	Pending	Pending	70 blocks	63000	3,4,5,6	F,A
FRASER RANGE PGM	E28/1163	Heron	Pending	100%	Pending	Pending	70 blocks	63000	3,4,5,6	F,A
FRASER RANGE PGM	E28/1164	Heron	Pending	100%	Pending	Pending	70 blocks	63000	3,4,5,6	F,A
FRASER RANGE PGM	E28/1165	Heron	Pending	100%	Pending	Pending	70 blocks	63000	3,4,5,6	F,A
FRASER RANGE PGM	E28/1237	Avoca	Pending	100%	Pending	Pending	70 blocks	63000	3,4,5	F,A
FRASER RANGE PGM	E29/290	Heron	Granted	100%	26/08/96	25/08/01	2 blocks	15000	3,9,10	G,H
FRASER RANGE PGM	M29/284	Heron	Pending	100%	Pending	Pending	123.25HA	12350	1,4,5,6	G,H
FRASER RANGE PGM	M29/310	Heron	Pending	100%	Pending	Pending	276HA	27600	1,4,5,6,10	G,H
FRASER RANGE PGM	E30/166	Heron	Granted	100%	13/05/96	12/05/01	2 blocks	15000	3,11,12	G,H

PROSPECT NAME	TENEMENT NUMBER/TYPE	REGISTERED HOLDER/APPLICANT	STATUS/GRANTED DATE APPLIED FOR/ PENDING APPLICATION	REGISTERED INTEREST OF SHARES	COMMENCEMENT DATE	DATED EXPIRES	AREA NO. OF GRATIC BLOCKS	\$ MINIMUM ANNUAL EXPENDITURE (UPON GRANT)	SEE NOTES	NATIVE TITLE
Snake Hill JV	M30/184	Heron	Pending	100%	Pending	Pending	299HA	29900	1,4,5,6,12	G,H
Snake Hill JV	M30/185	Heron	Pending	100%	Pending	Pending	204HA	20400	1,4,5,6,12	G,H
Snake Hill JV	M30/173	Heron	Pending	100%	Pending	Pending	112.37HA	11300	1,4,5,6,12	G,H
Blister Dam JV	E16/181	Avoca	Granted	100%	03/10/00	02/10/05	1 block	10000	3	C,D
Blister Dam JV	E16/182	Heron	Pending	100%	Pending	Pending	5 blocks	20000	3,4,5,6,13	C,D,O
Blister Dam JV	E16/275	Avoca	Pending	100%	Pending	Pending	5 blocks	20000	3,4,5,13	C,D,O
Blister Dam JV	E16/195	Avoca	Granted	100%	03/10/00	02/10/05	16 blocks	20000	3	C,D
Blister Dam JV	E16/254	Heron	Pending	100%	Pending	Pending	2 blocks	15000	3,4,5,6	C,D,O
Blister Dam JV	E24/120	Avoca	Pending	100%	Pending	Pending	17 blocks	20000	3,4,5	C,D
Blister Dam JV	P16/2149	Avoca	Pending	100%	Pending	Pending	140HA	5600	2,4,5	C,D
Blister Dam JV	P16/2150	Avoca	Pending	100%	Pending	Pending	192HA	7680	2,4,5	C,D
Blister Dam JV	P16/2151	Avoca	Pending	100%	Pending	Pending	177HA	7080	2,4,5	C,D
Blister Dam JV	P24/3773	Avoca	Pending	100%	Pending	Pending	170HA	6800	2,4,5	C,D
Blister Dam JV	P24/3774	Avoca	Pending	100%	Pending	Pending	192HA	7680	2,4,5	C,D
Powder Sill	E15/411	Avoca	Pending	100%	Pending	Pending	1 block	10000	3,4,5,6	B,C,D
Powder Sill	E16/121	Avoca	Granted	100%	24/06/96	23/06/03	17 blocks	20000	3,14,23	B,C,D
Powder Sill	E16/146	Avoca	Granted	100%	31/10/97	30/10/02	2 blocks	15000	3,15	B,C,D
Powder Sill	M16/446	Avoca	Pending	100%	Pending	Pending	210HA	21000	1,4,5,6,15	B,C,D
Powder Sill	M16/454	Avoca	Pending	100%	Pending	Pending	119HA	11900	1,4,5,6	B,C,D
Powder Sill	M16/377	Heron	Pending	100%	Pending	Pending	200HA	20000	1,4,5,6,16	B,C,D
Powder Sill	M16/378	Heron	Pending	100%	Pending	Pending	292HA	29200	1,4,5,6,17	B,C,D
Powder Sill	M16/379	Heron	Pending	100%	Pending	Pending	731HA	73100	1,4,5,6,18	B,C,D
Powder Sill	M16/414	Heron	Pending	100%	Pending	Pending	200HA	20000	1,4,5,6,19	B,C,D
Mungari	M15/1350	Heron	Pending	100%	Pending	Pending	155HA	15500	1,4,5,6,20	B,C,D
Mungari	P15/4416	Heron	Granted	100%	03/01/02	02/01/06	33HA	2000	2,21	B,C,D
Mungari	P15/4417	Heron	Granted	100%	03/01/02	02/01/06	188HA	7520	2,22,21	B,C,D
Mungari	P15/4418	Heron	Granted	100%	03/01/02	02/01/06	200HA	8000	2	B,C,D
Mungari	P15/4419	Heron	Granted	100%	03/01/02	02/01/06	186HA	7440	2,23	B,C,D
Mungari	P15/4420	Heron	Pending	100%	Pending	Pending	187HA	7480	2,4,5	B,C,D,O
Mungari	P15/4421	Heron	Pending	100%	Pending	Pending	186HA	7440	2,4,5	B,C,D,O
Mungari	P15/4422	Heron	Pending	100%	Pending	Pending	114HA	4560	2,4,5	B,C,D,O
Mungari	P15/4425	Heron	Granted	100%	13/11/01	12/11/05	157HA	7480	2,23	B,C,D,O
Mungari	P15/4472	Avoca	Pending	100%	Pending	Pending	112HA	4480	2,4,5	B,C,D
Mungari	E15/726	Avoca	Pending	100%	Pending	Pending	7 blocks	20000	3,4,5,6	B,C,D
Mungari	E15/738	Avoca	Pending	100%	Pending	Pending	14 blocks	20000	3,4,5,6	B,C,D

PROSPECT NAME	TENEMENT NUMBER/TYPE	REGISTERED HOLDER/APPLICANT	GRANT STATUS	REGISTERED INTEREST OF SHARES	COMMENCEMENT DATE	DATE EXPIRES	AREA No. OF GRATIC BLOCKS	\$ MINIMUM ANNUAL EXPENDITURE (UPON GRANT)	SEE NOTES	NATIVE TITLE
BINDULI EAST JV	E26/81	Heron	Pending	100%	Pending	Pending	5 blocks	20000	3,4,5	B,C,D,O
BINDULI EAST JV	P26/2791	Heron	Granted	100%	07/11/96	06/11/00	198HA	7920	2,24,25,26,27	B,C,D
BINDULI EAST JV	P26/2792	Heron	Granted	100%	07/11/96	06/11/00	182HA	7280	2,25,26,27,28	B,C,D
BINDULI EAST JV	P26/2794	Heron	Granted	100%	12/12/96	11/12/00	160HA	6400	2, 24,25,26,29,30	B,C,D
BINDULI EAST JV	P26/2800	Heron	Granted	100%	04/12/96	03/12/00	168HA	6720	2,25,26,27,28,31	B,C,D
BINDULI EAST JV	M26/751	Heron	Pending	100%	Pending	Pending	713HA	71300	1,4,5,6,27	B,C,D
BINDULI EAST JV	P26/2801	Heron	Granted	100%	10/04/97	09/04/01	150HA	6000	2,24,25,26,29,32,33	B,C,D
BINDULI EAST JV	P26/2802	Heron	Granted	100%	10/04/97	09/04/01	173HA	6920	2,24,25,26,29,32,33	B,C,D
BINDULI EAST JV	M26/762	Heron	Pending	100%	Pending	Pending	325HA	32500	1,4,5,6,33	B,C,D
BINDULI EAST JV	P16/2803	Heron	Granted	100%	07/11/96	06/11/00	196HA	19600	2,26,25,34,35	B,C,D
BINDULI EAST JV	M26/750	Heron	Pending	100%	Pending	Pending	196HA	19600	1,4,5,6,35	B,C,D
BINDULI EAST JV	P26/2814	Heron	Granted	100%	01/05/97	30/04/01	71HA	2840	2,25,26,36,37	B,C,D
BINDULI EAST JV	P26/2815	Heron	Granted	100%	01/05/97	30/04/01	196HA	7840	2,24,25,26,36,37	B,C,D
BINDULI EAST JV	M26/763	Heron	Pending	100%	Pending	Pending	268HA	26800	1,4,5,6,37	B,C,D
BINDULI EAST JV	P26/2904	Heron	Granted	100%	13/08/01	12/08/05	184HA	7360	2,24,29,39	B,C,D
BINDULI EAST JV	P26/2905	Heron	Granted	100%	05/07/01	04/07/05	200HA	8000	2,24,40,41	B,C,D
BINDULI EAST JV	P26/2972	Heron	Granted	100%	05/07/01	04/07/05	196HA	7840	2,24,29,43	B,C,D
GINDALBIE TERRAIN JV	E27/145	Heron	Granted	100%	24/01/97	23/01/02	17 blocks	20000	3,44,45	B,C,E
GINDALBIE TERRAIN JV	E27/169	Heron	Granted	100%	15/05/97	14/05/02	56 blocks	50400	3,25,46,47	B,C,E
GINDALBIE TERRAIN JV	M24/799	Heron	Pending	100%	Pending	Pending	953HA	95300	1,4,5,6,48	C,E
GINDALBIE TERRAIN JV	M24/800	Heron	Pending	100%	Pending	Pending	6407HA	64070	1,4,5,6,49	B,C,E
KANOWNA SOUTH	P27/1550	Avoca	Pending	100%	Pending	Pending	199HA	7960	2,4,5	B,C,D
KANOWNA SOUTH	P27/1551	Avoca	Pending	100%	Pending	Pending	181HA	7240	2,4,5	B,C,D
KANOWNA SOUTH	P27/1552	Avoca	Pending	100%	Pending	Pending	169HA	6760	2,4,5	B,C,D
KANOWNA SOUTH	P27/1553	Avoca	Pending	100%	Pending	Pending	195 HA	7800	2,4,5	B,C,D
KANOWNA SOUTH	P27/1554	Avoca	Pending	100%	Pending	Pending	197HA	7880	2,4,5	B,C,D
KANOWNA SOUTH	P27/1555	Avoca	Pending	100%	Pending	Pending	198HA	7920	2,4,5	B,C,D
KANOWNA SOUTH	P27/1556	Avoca	Pending	100%	Pending	Pending	199HA	7960	2,4,5	B,C,D
KANOWNA SOUTH	P27/1557	Avoca	Pending	100%	Pending	Pending	199HA	7960	2,4,5	B,C,D
KANOWNA SOUTH	P27/1538	Avoca	Pending	100%	Pending	Pending	199HA	7960	2,4,5	B,C,D
KANOWNA SOUTH	P27/1559	Avoca	Pending	100%	Pending	Pending	199HA	7960	2,4,5	B,C,D
KANOWNA SOUTH	P27/1560	Avoca	Pending	100%	Pending	Pending	199HA	7960	2,4,5	B,C,D
KANOWNA SOUTH	P27/1561	Avoca	Pending	100%	Pending	Pending	199HA	7960	2,4,5	B,C,D
ROE HILLS JV	E28/886	Heron	Granted	100%	13/06/00	12/06/05	19 blocks	20000	3	C,E
ROE HILLS JV	E28/927	Heron	Pending	100%	Pending	Pending	68 blocks	61200	3,4,5	C,O,E,Q
ROE HILLS JV	E28/1012	Heron	Granted	100%	12/04/01	01/04/06	19 blocks	20000	3,50	C,E

PROSPECT NAME	TENEMENT NUMBER/TYPE	REGISTERED HOLDER/APPLICANT	GRANT STATUS	REGISTERED INTEREST OF SHARES	COMMENCEMENT DATE	DATE EXPIRES	AREA NO. OF GRATIC BLOCKS	\$ MINIMUM ANNUAL EXPENDITURE (UPON GRANT)	SEE NOTES	NATIVE TITLE
ROE HILLS JV	E28/1013	Heron	Pending	100%	Pending	Pending	3 blocks	10000	3,4,5,6	C,D,O
ROE HILLS JV	E28/1108	Heron	Pending	100%	Pending	Pending	33 blocks	29700	3,4,5,6	C,O,E,Q
ROE HILLS JV	E28/1166	Heron	Pending	100%	Pending	Pending	2 blocks	10000	3,4,5,6	C,O,E,Q
TRANSILINE JV	E25/114	Heron	Granted	100%	15/04/96	14/04/03	6 blocks	30000	3,52,51	E
TRANSILINE JV	M25/267	Heron	Pending	100%	Pending	Pending	883HA	88300	1,4,5,6,52	E
TRANSILINE JV	E25/167	Heron	Granted	100%	11/12/98	10/12/03	1 block	10000	3,53	E
TRANSILINE JV	E25/168	Heron	Granted	100%	11/12/98	10/12/03	1 block	10000	3,54	E
TRANSILINE JV	E25/179	Heron	Granted	100%	03/06/00	12/06/05	32 blocks	28800	3,55,56	C,E
TRANSILINE JV	E25/184	Heron	Granted	100%	13/06/00	12/06/00	19 blocks	20000	3,23,57,58	E
TRANSILINE JV	E25/186	Heron	Granted	100%	13/06/00	12/06/05	3 blocks	10000	3,59	C,E
TRANSILINE JV	E25/189	Heron	Granted	100%	13/06/00	12/06/05	1 block	10000	3,60	E
TRANSILINE JV	E25/191	Heron	Pending	100%	Pending	Pending	5 blocks	10000	3,4,5,6	E,O,Q
TRANSILINE JV	E25/195	Heron	Granted	100%	13/06/00	12/06/05	15 blocks	20000	3,61	E
TRANSILINE JV	E25/204	Heron	Granted	100%	13/06/00	12/06/05	3 blocks	10000	3,62,63	E
TRANSILINE JV	E25/216	Heron	Pending	100%	Pending	Pending	43 blocks	38700	3,4,5,6	C,E,O,Q
TRANSILINE JV	E28/1003	Heron	Granted	100%	12/04/01	11/04/06	20 blocks	20000	3	E
TRANSILINE JV	E28/1116	Heron	Pending	100%	Pending	Pending	50 blocks	45000	3,4,5,6	C,E,O,Q
TRANSILINE JV	P25/1580	Heron	Pending	100%	Pending	Pending	100HA	4000	2,4,5	E,O,Q
AVOCA	E25/234	Heron	Pending	100%	Pending	Pending	19 blocks	20000	3,4,64	E,O,Q
AVOCA	E25/241	Heron	Pending	100%	Pending	Pending	4 blocks	15000	3,4,5,6	E,O,Q
AVOCA	E25/248	Heron	Pending	100%	Pending	Pending	70 blocks	63000	3,4,5	A,E,O,Q
AVOCA	E28/1079	Heron	Pending	100%	Pending	Pending	16 blocks	20000	3,4,5,6	E,O,Q
AVOCA	E28/1117	Heron	Pending	100%	Pending	Pending	12 blocks	20000	3,4,5,6	C,E,O,Q
AVOCA	E28/1118	Heron	Pending	100%	Pending	Pending	2 blocks	10000	3,4,5,6	C,E,O,Q
AVOCA	E28/1129	Heron	Pending	100%	Pending	Pending	7 blocks	20000	3,4,5,6	E,O,Q
AVOCA	E28/1136	Heron	Pending	100%	Pending	Pending	5 blocks	20000	3,4,5,6	E,O,Q
AVOCA	E28/1137	Heron	Pending	100%	Pending	Pending	12 blocks	20000	3,4,5,6	E,O,Q
AVOCA	E28/1148	Heron	Pending	100%	Pending	Pending	70 blocks	63000	3,4,5,6	A
AVOCA	E28/1188	Heron	Pending	100%	Pending	Pending	4 blocks	20000	3,4,5	C,D,O
AVOCA	E28/1192	Heron	Pending	100%	Pending	Pending	3 blocks	20000	3,4,5	C,E,O,Q
AVOCA	E28/1199	Avoca	Pending	100%	Pending	Pending	59 blocks	53100	3,4,5	E,Q
AVOCA	E28/1207	Avoca	Pending	100%	Pending	Pending	9 blocks	20000	3,4,5	E,Q
AVOCA	E28/1225	Avoca	Pending	100%	Pending	Pending	14 blocks	20000	3,4,5	A,E,Q
AVOCA	E28/1226	Avoca	Pending	100%	Pending	Pending	2 blocks	15000	3,4,5	C,E,Q
AVOCA	E28/1227	Avoca	Pending	100%	Pending	Pending	4 blocks	20000	3,4,5	C,E,Q

PROSPECT NAME	TENEMENT NUMBER/TYPE	REGISTERED HOLDER/APPLICANT	GRANT STATUS	REGISTERED INTEREST OF SHARES	COMMENCEMENT DATE	DATE EXPIRES	AREA No. OF GRATIC BLOCKS	\$ MINIMUM ANNUAL EXPENDITURE (UPON GRANT)	SEE NOTES	NATIVE TITLE
WILUNA SOUTH	E53/1010	Avoca	Pending	100%	Pending	Pending	46 blocks	41400	3,4,5,6	G
WILUNA SOUTH	E53/1012	Avoca	Pending	100%	Pending	Pending	1 block	10000	3,4,5,6	G
WILUNA SOUTH	P53/1113	Avoca	Pending	100%	Pending	Pending	25.44HA	2000	2,4,5	
VICTORY JV	E37/406	Heron	Granted	100%	10/04/96	09/04/02	12	20000	3,6,5,6,6	G,H,I
VICTORY JV	M37/1088	Heron	Pending	100%	Pending	Pending	429HA	42900	1,4,5,6,6	G,H,I
VICTORY JV	M37/931	Heron	Pending	100%	Pending	Pending	17.83HA	5000	1,4,5,6,6,8	G,H,I
VICTORY JV	P37/5830	Heron	14/04/00	100%	14/04/00	13/04/04	196	7840	2,6,7	G,H,I
VICTORY JV	P37/5831	Heron	Granted	100%	14/04/00	13/04/04	196	7840	2,6,7	G,H,I
VICTORY JV	P37/5832	Heron	Granted	100%	14/04/00	13/04/04	187	7483	2,6,7	G,H,I
VICTORY JV	P37/5833	Heron	Granted	100%	14/04/00	13/04/04	100	4000	2,6,7	G,H,I
KOOKYINIE JV	E31/410	Avoca	Granted	100%	16/02/00	15/02/05	24 blocks	21600	3,6,9	G
KOOKYINIE JV	E31/484	Avoca	Granted	100%	28/04/00	27/04/05	6 blocks	20000	3	G
KOOKYINIE JV	E40/127	Avoca	Granted	100%	24/07/00	23/07/05	1 block	10000	3	G
EDJUDINA/LAVERTON JV	E31/312	Heron	Pending	100%	Pending	Pending	23 blocks	20700	3,4,5,6	C,G
EDJUDINA/LAVERTON JV	E31/354	Heron	Pending	100%	Pending	Pending	6 blocks	20000	3,4,5,6	C,G
EDJUDINA/LAVERTON JV	E31/374	Heron	Granted	100%	21/03/00	20/03/05	5 blocks	20000	3,7,0	C,G
EDJUDINA/LAVERTON JV	E31/377	Heron	Granted	100%	08/03/00	07/03/05	10 blocks	20000	3,7,1	C,G
EDJUDINA/LAVERTON JV	E31/430	Heron	Granted	100%	11/05/00	19/03/05	30 blocks	27000	3	C,G
EDJUDINA/LAVERTON JV	E31/465	Heron	Granted	100%	28/04/00	27/04/05	1 block	10600	3	G,C
EDJUDINA/LAVERTON JV	E31/479	Heron	Pending	100%	Pending	Pending	4 blocks	20000	3,4,5,6	C,G
EDJUDINA/LAVERTON JV	E31/524	Heron	Pending	100%	Pending	Pending	63 blocks	56700	3,4,5	C,G
EDJUDINA/LAVERTON JV	E38/945	Heron	Granted	100%	11/02/98	10/02/03	2 blocks	15000	3	G
EDJUDINA/LAVERTON JV	E38/1152	Heron	Granted	100%	01/08/00	31/07/05	42 blocks	37800	3,7,2	G
EDJUDINA/LAVERTON JV	E38/1153	Heron	Granted	100%	29/08/00	28/08/05	7 blocks	20000	3	G
EDJUDINA/LAVERTON JV	E39/795	Heron	Granted	100%	02/06/00	01/06/05	3 blocks	20000	3	G
LAVERTON TECTONIC JV	E28/891	Heron	Granted	100%	03/07/00	02/07/05	4 blocks	20000	3	C,G
LAVERTON TECTONIC JV	E31/244	Heron	Granted	100%	10/09/01	09/09/06	6 blocks	20000	3,7,3	C,G
LAVERTON TECTONIC JV	E31/263	Heron	Granted	100%	02/04/96	01/04/01	1 block	10000	3,7,4	C,G
LAVERTON TECTONIC JV	M31/280	Heron	Granted	100%	Pending	Pending	297HA	29700	1,4,5,6	G,C
LAVERTON TECTONIC JV	M31/313	Heron	Granted	100%	Pending	Pending	289HA	28900	1,4,5,6,7,5	G,C
LAVERTON TECTONIC JV	E31/265	Heron	Granted	100%	01/07/96	30/06/01	1 block	10000	3,7,4,7,6,7,7	C,G
LAVERTON TECTONIC JV	E31/313	Heron	Granted	100%	16/05/97	15/05/02	1 block	10000	3,7,4	C,G
LAVERTON TECTONIC JV	E31/315	Heron	Granted	100%	30/04/97	29/04/02	1 block	10000	3,7,4	C,G
LAVERTON TECTONIC JV	E31/317	Heron	Granted	100%	01/02/99	31/01/04	13 blocks	26000	3,7,4,7,8	C,G
LAVERTON TECTONIC JV	E31/343	Heron	Granted	100%	17/01/97	16/11/02	1 block	10000	3,7,4	G,C
LAVERTON TECTONIC JV	E31/352	Heron	Granted	100%	10/09/01	09/09/06	1 block	10000	3,7,3	C,G

PROSPECT NAME	TENEMENT NUMBER/TYPE	REGISTERED HOLDER/APPLICANT	GRANT STATUS	REGISTERED INTEREST OF SHARES	COMMENCEMENT DATE	DATE EXPIRES	AREA NO. OF GRATIC BLOCKS	\$ MINIMUM ANNUAL EXPENDITURE (UPON GRANT)	SEE NOTES	NATIVE TITLE
LAVERTON TECTONIC JV	E31/353	Heron	Granted	100%	10/09/01	09/09/06	13 blocks	20000	3,73,80	C,G
LAVERTON TECTONIC JV	E31/434	Heron	Granted	100%	31/03/00	30/03/05	16 blocks	20000	3	G,C
LAVERTON TECTONIC JV	E31/489	Heron	Granted	100%	03/08/00	02/08/05	6 blocks	20000	81	C,G
LAVERTON TECTONIC JV	E39/661	Heron	Granted	100%	23/05/00	22/05/05	1 block	10000	3	G
LAVERTON TECTONIC JV	E39/662	Heron	Granted	100%	12/09/01	11/09/06	1 block	10000	3	G
LAVERTON TECTONIC JV	E39/663	Heron	Granted	100%	12/09/01	11/09/06	1 block	10000	3	G
LAVERTON TECTONIC JV	E39/721	Heron	Granted	100%	23.05.00	22/05/05	17 blocks	20000	3,82	G
LAVERTON TECTONIC JV	E39/729	Heron	Granted	100%	21/03/00	20/03/05	12 blocks	2600	3,83	G
LAVERTON TECTONIC JV	E39/734	Heron	Pending	100%	Pending	Pending	2 blocks	15000	3,4,5,6	G,P
LAVERTON TECTONIC JV	P28/923	Heron	Granted	100%	08/11/96	07/11/00	138HA	5520	2,74,84	G,C
LAVERTON TECTONIC JV	P28/924	Heron	Granted	100%	08/11/96	07/11/00	171HA	6840	2,84,74	C,G
LAVERTON TECTONIC JV	P28/925	Heron	Granted	100%	08/11/96	07/11/00	195HA	7800	2,84,74	C,E,G
LAVERTON TECTONIC JV	P28/926	Heron	Granted	100%	08/11/96	07/11/00	164HA	6560	2,84,74	E
LAVERTON TECTONIC JV	P28/927	Heron	Granted	100%	08/11/96	07/11/00	114HA	4560	2,84,74	E
LAVERTON TECTONIC JV	M28/261	Heron	Pending	100%	Pending	Pending	78HA	78000	1,4,5,6,84	C,E,G
LAVERTON TECTONIC JV	P31/1546	Heron	Granted	100%	29/10/99	28/10/03	161HA	6440	2	C,G
LAVERTON TECTONIC JV	P31/1547	Heron	Granted	100%	29/10/99	28/10/03	120HA	4800	2	C,G
LAVERTON TECTONIC JV	P31/1569	Heron	Pending	100%	Pending	Pending	179HA	7160	2,4,5	C,G,P
LAVERTON TECTONIC JV	P31/1570	Heron	Pending	100%	Pending	Pending	200HA	8000	2,4,5	C,G,P
LAVERTON TECTONIC JV	P31/1571	Heron	Pending	100%	Pending	Pending	183HA	7320	2,4,5	C,G,P
LAVERTON TECTONIC JV	P31/1572	Heron	Pending	100%	Pending	Pending	186HA	7440	2,4,5	C,G,P
LAVERTON TECTONIC JV	P31/1573	Heron	Pending	100%	Pending	Pending	76HA	3040	2,4,5	C,G,P
LAVERTON TECTONIC JV	P31/1574	Heron	Pending	100%	Pending	Pending	187HA	7480	2,4,5	C,G,P
LAVERTON TECTONIC JV	P31/1575	Heron	Pending	100%	Pending	Pending	172HA	6880	2,4,5	G,P
LAVERTON TECTONIC JV	P39/3691	Heron	Granted	100%	09/01/97	08/01/01	200HA	8000	2,74,85	G
LAVERTON TECTONIC JV	M39/812	Heron	Pending	100%	Pending	Pending	200HA	20000	1,4,5,6	G
KARONIE SOUTH JV	E28/631	Heron	Granted	100%	01/10/76	30/09/03	70 blocks	6300	3,86	F,A
KARONIE SOUTH JV	E28/665	Heron	Granted	100%	21/04/97	20/04/02	24 blocks	21600	3	F,A
KARONIE SOUTH JV	M28/248	Heron	Pending	100%	Pending	Pending	878HA	87800	1,4,5,6	F,A
KARONIE SOUTH JV	M28/249	Heron	Pending	100%	Pending	Pending	878HA	87800	1,4,5,6	F,A
KARONIE SOUTH JV	M28/250	Heron	Pending	100%	Pending	Pending	878HA	87800	1,4,5,6	F,A
KARONIE SOUTH JV	M28/251	Heron	Pending	100%	Pending	Pending	877HA	87700	1,4,5,6	F,A
KARONIE SOUTH JV	E28/860	Heron	Granted	100%	04/07/01	03/07/06	3 blocks	20000	3	F,A
KARONIE SOUTH JV	E28/861	Heron	Granted	100%	04/07/01	03/07/06	20 blocks	20000	3	F,A
KARONIE SOUTH JV	E28/862	Heron	Granted	100%	21/06/01	20/06/05	12 blocks	20000	3	F,A
KARONIE SOUTH JV	E28/929	Heron	Granted	100%	03/07/00	02/07/05	34 blocks	30600	3	F,A

PROSPECT NAME	TENEMENT NUMBER/TYPE	REGISTERED HOLDER/APPLICANT	GRANT STATUS	REGISTERED INTEREST OF SHARES	COMMENCEMENT DATE	DATE EXPIRES	AREA NO. OF GRATIC BLOCKS	\$ MINIMUM ANNUAL EXPENDITURE (UPON GRANT)	SEE NOTES	NATIVE TITLE
KARONIE SOUTH JV	E28/1014	Heron	Granted	100%	31/03/00	30/03/05	15 blocks	20000	3	F,A
KARONIE SOUTH JV	E63/691	Heron	Granted	100%	03/01/02	02/01/07	54 blocks	48600	3,87	F,A
EURO	M38/404	Avoca	Granted	100%	15/03/95	14/03/2016	288HA	28800	1,88	G
EURO	M38/405	Avoca	Granted	100%	15/03/95	14/03/2016	177HA	17700	1,88,89	G
Mt. ZEPHYR	E39/538	Avoca	Granted	100%	06/12/00	05/12/05	18 blocks	20000	3,90	G,H,I
Mt. ZEPHYR	E39/940	Avoca	Pending	100%	Pending	Pending	21 blocks	20000	3,4,5,6	G,H,I
LAVERTON JV	E38/831	Heron	Granted	100%	20/05/96	19/05/03	5 blocks	20000	3,90,91,23,92	G
LAVERTON JV	E38/832	Heron	Granted	100%	30/05/96	29/05/03	6 blocks	20000	3,92,93	G
Mt. MORGAN JV	P39/3454	Metex/Heron	Granted	70/30%	21/12/95	20/12/99	155.6HA	6224	2,94,95	G,I
Mt. MORGAN JV	M39/754	Heron	Pending	100%	Pending	Pending	157HA	15700	1,4,5,6,95	G,I
Mt. MORGAN JV	P39/3455	Metex/Heron	Granted	70/30%	21/12/95	20/12/99	195.3HA	7840	2,94,96	G,I
Mt. MORGAN JV	P39/3456	Metex/Heron	Granted	70/30%	21/12/95	20/12/99	195.3HA	7840	2,94,96	G,I
Mt. MORGAN JV	P39/3457	Metex/Heron	Granted	7/30%	21/12/95	20/12/99	186HA	7440	2,94,96	G,I
Mt. MORGAN JV	M39/755	Heron	Pending	100%	Pending	Pending	564HA	56400	1,4,5,6,96	G,I
Mt. MORGAN JV	P39/3466	Metex/Heron	Granted	70/30%	19/01/96	19/01/00	170.63HA	6840	2,94,97	G,I
Mt. MORGAN JV	P39/3467	Metex/Heron	Granted	70/30%	19/01/96	18/01/11	170.63HA	6840	2,94,97,98	G
Mt. MORGAN JV	P39/3468	Metex/Heron	Granted	70/30%	19/01/96	18/01/00	170.63HA	6840	2,94,97,98	G
Mt. MORGAN JV	P39/3469	Metex/Heron	Granted	70/30%	19/01/96	18/01/00	170.63HA	6840	2,94,97	G,I
Mt. MORGAN JV	M39/753	Heron	Pending	100%	Pending	Pending	685HA	68500	1,4,5,6,97,99	G,I
EUCLA	E69/1795	Avoca	Pending	100%	Pending	Pending	70 blocks	63000	3,4,5	J
EUCLA	E69/1796	Avoca	Pending	100%	Pending	Pending	70 block	63000	3,4,5	J
SOUTH AUSTRALIAN										
TENEMENTS	ELA126/01	Avoca	Pending	100%	Pending	Pending	2284 sq km	250000	4,100	K,L,M
"	ELA141/01	Avoca	Pending	100%	Pending	Pending	2068 sq km	230000	4,100	K,N,L
"	ELA143/01	Avoca	Pending	100%	Pending	Pending	861 sq km	115000	4,100	K,N,L
"	ELA130/01	Avoca	Pending	100%	Pending	Pending	840 sq km	110000	4,100	L
"	ELA134/01	Avoca	Pending	100%	Pending	Pending	414 sq km	70000	4,100	K,L
"	ELA136/01	Avoca	Pending	100%	Pending	Pending	2439 sq km	265000	4,100	K,L,N
"	ELA127/01	Avoca	Pending	100%	Pending	Pending	1679 sq km	195000	4,100	M
"	ELA128/01	Avoca	Pending	100%	Pending	Pending	1062 sq km	135000	4,100	M
"	ELA131/01	Avoca	Pending	100%	Pending	Pending	422 sq km	70000	4,100	M
"	ELA129/01	Avoca	Pending	100%	Pending	Pending	2264 sq km	250000	4,100	M
"	ELA138/01	Avoca	Pending	100%	Pending	Pending	1265 sq km	155000	4,100	M
"	EL2749	Resource Mapping	Granted	100%	20/09/00	19/09/02	594 sq km	140000	4,100,101	M

2002 *prospectus*

## INVESTIGATING ACCOUNTANT'S REPORT

14 February 2002

The Directors  
Avoca Resources Limited  
47 Brookman Street  
KALGOORLIE WA 6430

Dear Sirs and Madam

## INVESTIGATING ACCOUNTANT'S REPORT

**10.1 Introduction**

This report has been prepared by Butler Settineri Securities Pty Ltd ("Butler Settineri Securities") at the request of the Directors of Avoca Resources Limited ABN 30 097 083 282 ("Avoca" and "the Company") for inclusion in a Prospectus ("the Prospectus") to be dated on or about 20 February 2002.

The Prospectus offers 30,000,000 Shares at an Issue Price of \$0.20 per Share to raise \$6,000,000, which is underwritten as to this amount. The Company will seek admission to the Official List of the Australian Stock Exchange.

The Directors of Avoca reserve the right to accept oversubscriptions for up to an additional 5,000,000 Shares at an Issue Price of \$0.20 per Share to raise an additional \$1,000,000. In the event of the underwriting agreement being terminated, the minimum subscription for this Offer is 25,000,000 Shares at \$0.20 per Share to raise \$5,000,000.

In recognition of the support provided by Heron Resources Limited ("Heron") in the formation of Avoca, of the Shares on offer, the Underwriter in consultation with the Company will make available Shares in preference to Heron shareholders. The Record Date for Heron shareholders preference right to the Avoca subscription is 1 March 2002 and if subsequently the preference right is exercised then each Heron shareholder's total Avoca Shareholding (including Avoca In Specie Shares) must be equal to or exceed 10,000 Shares. The last day that Heron shares can be acquired to obtain the preference allocation is the close of trading on 22 February 2002.

**10.2 Background**

Avoca was registered on 8 June 2001 as a wholly owned subsidiary of Heron for the purpose of transferring the non-nickel laterite assets of Heron to Avoca. This transfer was approved at a general meeting of Heron held on 29 January 2002. The satisfaction for the acquisition of the non-nickel laterite assets was the issue of 21,031,735 Shares in Avoca and 6,000,000 Options to Heron at an issue amount of \$803,706 (being the non-nickel laterite costs to Heron for the interests in the tenements transferred). The Shares were distributed on 12 February 2002 to Heron's shareholders for no cost as a distribution in specie on a pro rata basis of one Avoca Share for every five Heron shares held. The 6,000,000 Options will be retained by Heron and are exercisable by 30 June 2006 at an exercise price of \$0.25 per Share. The Options are unlisted and are not transferable. Shares issued upon exercise of the Options will rank equally in all respects with the Company's then existing ordinary Shares subject to any relevant escrow restrictions that may apply.

Avoca has thereby acquired an extensive tenement portfolio in the Eastern Goldfields of Western Australia and has also lodged exploration licence applications over areas of the Stuart Shelf in South Australia. The Company's aim is to discover and develop gold, copper and PGM resources within the Eastern Goldfields region of Western Australia and the Stuart Shelf region of South Australia.

The purpose of the Offer is to raise funds to:

- Explore and develop the Company's tenements and projects;
- Implement the exploration programs on the tenements and, where appropriate, acquire further strategic interests; and
- Meet the administration costs of the Company and the expenses of the Offer, in addition to repaying a loan to Heron.

**Financial Information**

The financial information is set out in the Appendix to this report.

**BUTLER SETTINERI**

SECURITIES PTY LTD

ACN 073 314 048

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35-37 Havelock Street, West Perth WA 6005  
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Ph: (08) 9426 4444 Fax: (08) 9321 5215  
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The historical financial information comprises:

- the statement of financial performance for the half-year ended 31 December 2001;
- the statement of financial position for the half-year ended 31 December 2001;
- the statement of cash flows for the half-year ended 31 December 2001; and
- notes to the financial statements.

The historical financial information has been prepared on the basis detailed, and in accordance with the accounting policies, set out in note 1 of the Appendix to this report.

The reviewed pro forma financial information comprises:

- the pro forma statement of financial position; and
- notes to the pro forma unaudited financial statements.

The pro forma unaudited statement of financial position has been prepared on the assumption that the following transactions (which have taken place or are proposed to take place at listing) occurred as at 31 December 2001:

- Issue of 21,031,735 Shares to Heron, amounting to \$803,706, pursuant to the Tenement Acquisition Option Agreement (subsequently issued to Heron shareholders on a pro rata basis of one for every five Heron shares held) and 6,000,000 unlisted Options to Heron which are not transferable;
- Costs of \$30,000 in relation to the issue of capital pursuant to the Tenement Acquisition Option Agreement;
- Stamp duty payable on the transfer of interests in tenements pursuant to the Tenement Acquisition Option Agreement of \$33,785;
- Issue of 30,000,000 Shares at \$0.20 per Share pursuant to the Prospectus, raising an amount of \$6,000,000;
- Payment of underwriting fee of 4% and management fee of 1% of capital raised of \$300,000;
- Other issue costs of \$200,000 pursuant to the capital raising;
- Repayment of loan to Heron of \$518,833;
- Payment of creditors of \$17,837;
- Payment of acquisition costs for exploration data pursuant to the agreement with Geotech International Pty Ltd and Desert Exploration Pty Ltd of \$220,000, satisfied by the issue of 800,000 Shares to Geotech, 200,000 Shares to Desert Exploration and \$20,000 in cash; and
- Payment of acquisition costs for exploration data pursuant to the agreement with Resource Mapping Pty Ltd of \$20,000, satisfied by the issue of 50,000 Shares and \$10,000 in cash.

On the assumption that the listing takes place immediately after 31 December 2001, Avoca is expected to have working capital of \$4,887,861 to fund exploration and administrative expenditure. This will be generated through the Offer raising \$6 million.

If oversubscriptions amounting to \$1 million are accepted, it is expected that Avoca will have \$5,837,861 in working capital. If the minimum subscription amount of \$5 million is raised, it is expected that Avoca will have \$3,937,861 in working capital.

## AVOCA RESOURCES LIMITED

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## INVESTIGATING ACCOUNTANT'S REPORT

**10.3 Scope of Review**

You have requested Butler Settineri Securities to prepare a report dealing with the historical statement of financial performance and statement of cash flows for the half-year ended 31 December 2001 and the historical and pro forma statements of financial position of the Company as at 31 December 2001, as set out in the Appendix to this report.

The Directors of the Company are responsible for the preparation of the historical financial information and the pro forma financial information.

For the financial statements of the Company for the half-year ended 31 December 2001 we have relied upon the review performed by Butler Settineri, the auditors of the Company since incorporation.

Butler Settineri Securities has reviewed the pro forma financial information of the Company as at 31 December 2001.

The reviews have been conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports" and were limited to enquiries of management and the Directors, review of contractual arrangements entered into by Avoca, analytical review procedures applied to the financial data, review of accounting records and other documentation and the performance of certain limited verification procedures. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**10.4 Statements**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma financial information of Avoca as at 31 December 2001 is not drawn up so as to present fairly the financial position of the Company on completion of the listing in accordance with applicable Accounting Standards and other professional reporting requirements to the extent to which they are relevant to the information presented.

The historical financial statements have been reviewed by Butler Settineri and nothing has come to our attention which would require any further modification to the financial information for it to present fairly, the results for the half-year ended 31 December 2001.

**10.5 Subsequent Events**

By letter dated 8 February 2002, Gold Fields Australasia Pty Ltd, a wholly owned subsidiary of Gold Fields Limited, has advised it intends to subscribe for 7,500,000 Shares under the Prospectus for an application price of \$1,500,000. The terms and conditions of this subscription are detailed in note 16 to the financial statements.

Other than as noted above, nothing has come to our attention which would cause us to believe that matters arising after 31 December 2001, other than the matters dealt with in this report, would require comment on, or adjustment to, the information contained in this report, or which would cause such information to be misleading.

**10.6 Declarations**

Butler Settineri Securities has been requested to report on the assets and liabilities of Avoca on completion of the listing.

Butler Settineri Securities will be paid its usual professional fee based on the time involved for the preparation of this report. Apart from the above-mentioned fee neither Butler Settineri Securities nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

Butler Settineri Securities has acted as Investigating Accountant for Avoca and has not been involved in the preparation of any other part of this Prospectus. Accordingly we make no representations or warranties as to the completeness or accuracy of the information in any other part of this Prospectus.

Butler Settineri Securities has consented to the inclusion of this report in the Prospectus in the form and context in which it appears.



Yours faithfully

**BUTLER SETTINERI SECURITIES PTY LTD**

COLIN P BUTLER FCA

Director

## INVESTIGATING ACCOUNTANT'S REPORT

## Appendix

**Avoca Resources Limited**

ABN 30 097 083 282

## Financial Statements

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE HALF-YEAR ENDED 31 DECEMBER 2001

	NOTES	UNAUDITED 31 DEC 2001 \$
Other revenues	2	1,399
Administration expenses from ordinary activities		254,564
Loss from ordinary activities before income tax expense	2	253,165
Income tax expense relating to ordinary activities	3	-
Loss from ordinary activities after income tax expense	11	253,165
<b>Net Loss</b>		<b>253,165</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2001

	NOTES	UNAUDITED 31 DEC 2001 \$	UNAUDITED PRO FORMA 31 DEC 2001 \$
<b>Current Assets</b>			
Cash assets	4	182	4,869,727
Receivables	5	18,134	18,134
<b>TOTAL CURRENT ASSETS</b>		<b>18,316</b>	<b>4,887,861</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	36,986	36,986
Exploration and evaluation costs carried forward	7	195,264	1,272,755
<b>TOTAL NON-CURRENT ASSETS</b>		<b>232,250</b>	<b>1,309,741</b>
<b>Total Assets</b>		<b>250,566</b>	<b>6,197,602</b>
<b>Current Liabilities</b>			
Payables	8	536,670	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>536,670</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>536,670</b>	<b>-</b>
<b>Net Assets/(Liabilities)</b>		<b>(286,104)</b>	<b>6,197,602</b>
<b>Equity</b>			
Contributed equity	9	10	6,483,716
Accumulated losses	11	(286,114)	(286,114)
<b>Total Equity/(Deficiency)</b>		<b>(286,104)</b>	<b>6,197,602</b>

## STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2001

	NOTES	UNAUDITED 31 DEC 2001 \$
<b>Cash Flows from Operating Activities</b>		
Interest received		1,399
GST paid		(13,918)
Payments to employees and suppliers		(244,227)
<b>NET CASH OUTFLOWS FROM OPERATING ACTIVITIES</b>	12(a)	<b>(256,746)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant & equipment		(38,062)
Exploration expenditure		(153,725)
<b>NET CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>		<b>(191,787)</b>
<b>Cash Flows from Financing Activities</b>		
Loan from Heron		448,705
<b>NET CASH INFLOWS FROM FINANCING ACTIVITIES</b>		<b>448,705</b>
<b>NET INCREASE IN CASH HELD</b>		<b>172</b>
Cash at the beginning of the financial period		10
<b>Cash at the end of the financial period</b>	12(b)	<b>182</b>

## AVOCA RESOURCES LIMITED

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## INVESTIGATING ACCOUNTANT'S REPORT

**Notes to and Forming Part of the Financial Statements  
For the Half-Year Ended 31 December 2001****Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of the historical financial information and the pro forma financial information (collectively referred to as the "financial statements") are:

- a) **Basis of preparation** The financial statements are a general purpose financial report which has been prepared in accordance with generally accepted accounting principles as applied in Australia for the purposes of inclusion in a prospectus.

They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

- b) **Income Tax** The Company adopts the liability method of tax-effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of the realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

- c) **Exploration, Evaluation and Development** Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest.

Accumulated costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or by its sale, or where the activities in the area have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. Accumulated costs are not carried forward in respect of any area of interest unless rights to tenure of that area are current.

Non-current assets are not carried at an amount above the recoverable amount. In determining recoverable amount, the expected net cash flows have not been discounted to present value.

- d) **Restoration costs** Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation and development phases that give rise to the need for restoration.

- e) **Share capital** Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

- f) **Accounts payable** Liabilities are recognised for amounts to be paid in future for goods and services received, whether or not billed to the Company. These liabilities are normally settled on 30 day terms.

- g) **Goods and Services Tax** Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

- h) **Segment Information** The Company operates in the mineral exploration industry in Australia.

**Note 2. OPERATING LOSS**

Interest received  
Administrative expenses from ordinary activities

UNAUDITED  
31 DEC 2001  
\$

1,399  
(254,564)

**Note 3. INCOME TAX**

Prima facie income tax benefit on loss from ordinary activities reconciles to the income tax expense as follows:

**Loss from ordinary activities**

Prima facie tax benefit at 30%  
Permanent differences  
Timing differences and tax losses not brought to account

**253,165**

(75,950)  
6,180  
69,770

**Income tax expense**

-

The future income tax benefit arising from tax losses has not been recognised as an asset because recovery is not virtually certain.

The tax benefits will only be obtained if:

- a) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;  
b) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and  
c) No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for losses.

## INVESTIGATING ACCOUNTANT'S REPORT

	UNAUDITED 31 DEC 2001 \$	UNAUDITED PRO FORMA 31 DEC 2001 \$
<b>Note 4. CASH</b>		
<b>Cash at Bank and on hand</b>	<b>182</b>	<b>4,869,727</b>
Adjustments arising in the preparation of the pro forma cash balance are summarised as follows:		
Unaudited balance as at 31 December 2001		182
Proceeds from the issue of 30,000,000 ordinary shares at \$0.20 each pursuant to this prospectus		6,000,000
Payment of Avoca In Specie Share issue costs		(30,000)
Payment of stamp duty on transfer of tenements		(33,785)
Payment of underwriting fee of 4% and management fee of 1% on capital raised		(300,000)
Payment of estimated issue costs of Offer		(200,000)
Repayment of loan to Heron		(518,833)
Payment of accounts payable		(17,837)
Payment for exploration data pursuant to the Geotech and Desert Exploration agreement		(20,000)
Payment for exploration data pursuant to the Resource Mapping agreement		(10,000)
<b>Unaudited pro forma balance as at 31 December 2001</b>		<b>4,869,727</b>
<b>NOTE 5. RECEIVABLES (CURRENT)</b>		
Goods and services tax paid	18,134	18,134
	<b>18,134</b>	<b>18,134</b>
<b>Note 6. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Motor Vehicles</b>		
Opening balance	-	-
Additions – at cost	33,182	33,182
Depreciation for the financial period	(830)	(830)
Closing balance	32,352	32,352
<b>Office Equipment</b>		
Opening balance	-	-
Additions - at cost	4,880	4,880
Depreciation for the financial period	(246)	(246)
Closing balance	4,634	4,634
	<b>36,986</b>	<b>36,986</b>
<b>Note 7. EXPLORATION AND EVALUATION COSTS CARRIED FORWARD</b>		
<b>Exploration and evaluation costs</b>	195,264	195,264
Acquisition of tenement interests under the Heron Tenement Acquisition Option agreement and payment of stamp duty thereon		837,491
Acquisition of exploration data under the Geotech and Desert Exploration agreement		220,000
Acquisition of exploration data under the Resource Mapping agreement		20,000
<b>Total exploration and evaluation costs</b>		<b>1,272,755</b>
The ultimate recoupment of costs carried forward is dependent upon the successful development and/or commercial exploitation or, alternatively, sale of the respective areas of interest.		

## AVOCA RESOURCES LIMITED

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## INVESTIGATING ACCOUNTANT'S REPORT

	UNAUDITED 31 DEC 2001 \$	UNAUDITED PRO FORMA 31 DEC 2001 \$
<b>Note 8. PAYABLES (CURRENT)</b>		
Accounts payable	17,837	-
Interest free unsecured loan from Heron	518,833	-
	<b>536,670</b>	<b>-</b>

No interest has been charged in respect of this loan which will be repaid subsequent to the capital raising.

**Note 9. CONTRIBUTED EQUITY**

Fully Paid		
10 Ordinary Shares issued on incorporation	10	10
52,081,735 Ordinary Shares	-	6,483,706
	<b>10</b>	<b>6,483,716</b>

Ordinary Shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of Shares held.

Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a general meeting of the Company.

	NUMBER	\$
Reconciliation of issued capital:		
Balance at 31 December 2001	10	10
Issue of 21,031,735 Ordinary Shares on 12 February 2002 pursuant to the Heron agreement	21,031,735	803,706
Issue of 30,000,000 Ordinary Shares at \$0.20 pursuant to the Prospectus	30,000,000	6,000,000
Issue of 1,000,000 Ordinary Shares at \$0.20 per Share pursuant to the Geotech and Desert Exploration agreement	1,000,000	200,000
Issue of 50,000 Ordinary Shares at \$0.20 per Share pursuant to the Resource Mapping agreement	50,000	10,000
Less Share issue costs	-	(530,000)
<b>Pro forma contributed equity at 31 December 2001</b>	<b>52,081,745</b>	<b>6,483,716</b>

**Note 10. UNLISTED OPTIONS**

As at 31 December 2001 the Company had no options on issue.

**To be issued:**

	NUMBER
Issue of 6,000,000 unlisted Options pursuant to the Heron Tenement Acquisition Option Agreement (as amended)	6,000,000
Issue of 1,200,000 unlisted Options to employees of Heron pursuant to an excluded offer	1,200,000
Issue of 1,900,000 unlisted Options to directors and management of the Company pursuant to the employee option plan	1,900,000
Subsequent to listing issue of 300,000 unlisted Options to a Director pursuant to the employee option plan, subject to approval of Shareholders	300,000
<b>Exercisable at \$0.25 per Share by 30 June 2006</b>	<b>9,400,000</b>

## INVESTIGATING ACCOUNTANT'S REPORT

	UNAUDITED 31 DEC 2001 \$	UNAUDITED PRO FORMA 31 DEC 2001 \$
<b>Note 11. ACCUMULATED LOSSES</b>		
Balance at beginning of the financial period	32,949	32,949
Net loss for the financial period	253,165	253,165
<b>Balance at end of the financial period</b>	<b>286,114</b>	<b>286,114</b>

**Note 12. STATEMENT OF CASH FLOWS**a) **Reconciliation of loss from ordinary activities after income tax to the net cash flows from operations**

Loss from ordinary activities after income tax	253,165
<b>Non-cash items:</b>	
Depreciation of non-current assets	(1,076)
<b>Changes in assets and liabilities:</b>	
Increase in receivables	13,918
Increase in accounts payable	(9,261)
<b>Net cash outflows from operating activities</b>	<b>256,746</b>

b) **Reconciliation of Cash**

Cash on hand and at bank	182
<b>Closing cash balance</b>	<b>182</b>

**Note 13. RELATED PARTY DISCLOSURES**

a) The Directors of the Company from incorporation on 8 June 2001 to the date of this Prospectus, unless otherwise stated are:

- ROBERT REYNOLDS (appointed 30 January 2002)
- IAN BUCHHORN (appointed 8 June 2001)
- ROHAN WILLIAMS (appointed 25 September 2001)
- STEPHANIE UNWIN (appointed 25 September 2001)
- CRAIG READHEAD (appointed 29 January 2002, resignation date 20 February 2002)
- RODNEY EVANS (resigned 29 January 2002)
- ROBERT COLVILLE (resigned 25 September 2001)

b) On completion of the distribution of the one Share in the Company for every 5 shares held in Heron on 12 February 2002, the Company ceased to be a 100% controlled entity of Heron, which was the ultimate parent entity.

c) **Related party transactions:**

- Pursuant to the Tenement Acquisition Option Agreement with Heron the Company has issued 21,031,735 Shares and 6,000,000 unlisted Options to Heron for interests in tenements. The Shares were subsequently issued to Heron shareholders on a pro rata basis of one for every five Heron shares held. The 6,000,000 unlisted Options, which are not transferable, are exercisable by 30 June 2006 at \$0.25 per Share. Shares issued upon exercise of the Options will rank equally in all respects with the Company's then existing Shares subject to any relevant escrow restrictions that may apply.
- An interest free loan has been made to the Company by Heron. The balance outstanding as at 31 December 2001, which will be repaid from the capital raising, was \$518,833.
- Directors interests in Shares and unlisted Options issued or proposed to be issued:

	SHARES	UNLISTED OPTIONS
Robert Reynolds	-	300,000 <sup>(i)</sup>
Rohan Williams	-	1,000,000
Ian Buchhorn	6,552,231	200,000
Stephanie Unwin	-	200,000
	<b>6,552,231</b>	<b>1,700,000</b>

<sup>(i)</sup> The unlisted Options proposed to be issued to Mr Reynolds are subject to the approval of Shareholders.

- Director Ian Buchhorn is Managing Director of Heron and has a preferred entitlement to Shares in the Offer.

## AVOCA RESOURCES LIMITED

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## INVESTIGATING ACCOUNTANT'S REPORT

- The Company has entered into an employment agreement with Rohan Williams as Managing Director of Avoca. Mr William's remuneration is \$155,712 per annum. As noted above, 1,000,000 unlisted Options will be issued to Mr Williams to subscribe for Shares at an exercise price of \$0.25 per Share pursuant to the employee option plan.
- The Company's Constitution allows for the remuneration of Non-Executive Directors to be not more than the aggregate amount set in general meeting. The aggregate remuneration of Non-Executive Directors has been set at an amount of \$175,000 per annum.
- The Company has entered into Director & Officer Protection Deeds with each Director and the Company Secretary and proposes to pay an insurance premium in respect of liability for any current and future Directors, Company Secretary, executives and employees of the Company.
- Pullinger Readhead Stewart, of which Directors Stephanie Unwin and Craig Readhead are partners, has provided legal services amounting to \$9,176 during the financial period and has acted as solicitors to the Offer and has undertaken due diligence enquiries for the preparation of the Prospectus and provided legal advice in relation to the Offer. Pullinger Readhead Stewart's fees for these services are estimated to be \$20,000. Legal services provided to Heron for the financial period amount to \$67,316. Pullinger Readhead Stewart legal fees are based upon normal commercial terms and conditions.
- An agreement, on normal commercial terms and conditions, has been entered into with interests associated with Pamela Jean Buchhorn, the wife of Director Ian Buchhorn, to provide serviced offices and secretarial services to the Company.
- The Company has entered into an employment agreement with Geoffrey Collis as Exploration Manager, at a remuneration amount of \$116,800 per annum. 500,000 unlisted Options will be issued to Mr Collis to subscribe for Shares at an exercise price of \$0.25 per Share pursuant to the employee option plan.
- Total number of Options proposed for issue under the excluded offer and the employee option plan:

500,000	(to an employee as noted above)
1,200,000	(excluded offer)
1,700,000	(to Directors as noted above)
<u>3,400,000</u>	

The Options proposed for issue under the excluded offer and employee option plan are unlisted and are exercisable by 30 June 2006 at an exercise price of \$0.25 per Share. Options issued pursuant to the excluded offer and employee option plan are exercisable at any time during the period commencing 24 months after the issue date and ending on the expiry date. All Shares allotted upon exercise of Options rank *pari passu* in all respects with Shares previously issued.

**Note 14. COMMITMENTS FOR EXPENDITURE****Exploration Commitments**

In order to maintain current rights of tenure to exploration and mining tenements and including tenements which are anticipated to be granted within the immediate period, the Company has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	\$
Not later than 1 year	<u>2,000,000</u>
Later than 1 year but not later than 2 years	2,100,000

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

Deeds of novation are in place or negotiations are being finalised on joint ventures which have been assigned from Heron in accordance with the Tenement Acquisition Option Agreement.

**Note 15. CONTINGENT LIABILITIES**

Native title claims have been made with respect to areas which include tenements in which the Company has interests. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects.

Tenement E31/265 and tenement E31/489 are subject to claims. Gutnick Resources NL is the joint venture operator on both tenements and is responsible for defending the claims. The costs associated with defending these claims are estimated to be \$5,000.

**Note 16. SUBSEQUENT EVENTS**

By letter dated 8 February 2002, Gold Fields Australasia Pty Ltd, a wholly owned subsidiary of Gold Fields Limited, has advised of its intention to subscribe for 7,500,000 Shares under the Prospectus for an application price of \$1,500,000. Subject to a minimum 10% Shareholding in Avoca being maintained, Gold Fields Australasia Pty Ltd will be entitled:

- to nominate a Director to the Avoca Board;
- be granted a first right of refusal on projects Avoca elects to transfer or joint venture; and
- the right to participate, *pro rata*, in any issue of Shares, or securities convertible into Shares.

## SUMMARY OF MATERIAL CONTRACTS

In the opinion of the Directors, the contracts summarised below are material to the terms of the Offer, and the operations of the Company's business and, as such may be relevant to potential investors in the Company.

**11.1 Underwriting Agreement****Parties**

The Parties to the Underwriting Agreement are DJ Carmichael Pty Limited and the Company. The Underwriting Agreement is dated 20 February 2002.

**Underwriter's Obligations**

The Underwriter has, subject to the satisfaction of the conditions precedent, agreed to underwrite \$6,000,000 comprising the issue of 30,000,000 Shares at \$0.20 each.

**Conditions Precedent to Underwriting**

The Underwriting Agreement is subject to and conditional on:

- i. The Underwriter reviewing and being satisfied with the Prospectus prior to lodgement with ASIC.
- ii. The Prospectus being lodged with ASIC prior to 31 May 2002.
- iii. The Underwriter reviewing and being satisfied with the due diligence program undertaken by the Company.
- iv. The Underwriter arranging sub-underwriting on terms acceptable to the Underwriter for the underwritten amount, prior to the opening of the Offer.

**Company's Representations, Warranties and Obligations**

The Underwriting Agreement contains a number of warranties and representations by the Company in favour of the Underwriter in respect of various matters including the accuracy and completeness of information contained in the Prospectus and the Company's power to allot Shares under the Prospectus.

**Indemnity**

Under the terms of the Underwriting Agreement, the Company has given an indemnity in favour of the Underwriter, its directors, officers, employees and advisers in relation to the Prospectus and the Offer.

**Underwriter's Fees**

The Underwriter shall be entitled to be paid by the Company:

- i. An underwriting fee of 4% of the underwritten amount.
- ii. A management fee of 1% of the underwritten amount.

**Termination**

- 1 If any one or more of the following events occur at any time between the date of this Agreement and the Shortfall Application Date, then at any time on or before the Shortfall Application Date, the Underwriter may, in its absolute discretion, terminate this Agreement without any cost or liability to itself by written notice to the Company specifying the relevant event, namely:
  - a the Company is in breach of any provision of this Agreement (whether or not the same is expressed to be a condition) and such failure is not remedied to the satisfaction of the Underwriter (acting reasonably) prior to the issue of the Shortfall Notice;
  - b any of the representations, warranties or undertakings given on the Company's part cease to be, or are found not to have been, true and correct in all material respects;
  - c there is a misstatement or inaccuracy in, or omission from, the Prospectus, or any statement in the Prospectus (including, but not limited to, any representation with respect to any future matter) is or becomes misleading or deceptive in a material respect;
  - d there is a material adverse change in the financial position or prospects of the Company;
  - e the Company withdraws the Prospectus;

- f the occurrence of an event as defined in section 652C of the Corporations Act in relation to the Company, as though the Company were a target company other than any allotment or issue of securities, and any grant of security contemplated in the Prospectus;
- g an application is made by ASIC for an order under section 1324 B of the Corporations Act in relation to the Prospectus and that application has not been dismissed or withdrawn;
- h the Prospectus does not comply with sections 710, 711 or any other relevant provision of the Corporations Act;
- i there is a refusal or omission to lodge a supplementary or replacement prospectus in relation to the Prospectus which, in the reasonable opinion of the Underwriter, is required to be lodged in accordance with Part 6D.2 of the Corporations Act;
- j any supplementary prospectus is lodged with ASIC in relation to the Prospectus which:
  - i in the reasonable opinion of the Underwriter may have a material adverse effect on the Offer; or
  - ii is lodged without the prior written approval of the Underwriter;
- k any party withdraws its written consent to the inclusion of statements made by it in the Prospectus pursuant to section 716 of the Corporations Act;
- l a stop order or interim stop order or notice of intention to hold a hearing being issued by the ASIC in relation to the Prospectus or any supplementary prospectus relating thereto, in accordance with section 739 of the Corporations Act;
- m a resolution is passed or an order made by a court of competent jurisdiction for the winding up of the Company;
- n a receiver or receiver and manager or administrator or other controller is appointed to all or any part of the assets or undertaking of the Company;
- o the Company enters into any scheme of arrangement with its creditors or any class of them or indicates its intention or endeavouring to do so;
- p the Company suspends payment of its debts or is unable to pay its debts within the meaning of section 95A of the Corporations Act;
- q ASIC commences or the company or the Underwriter becomes aware of, the intention to commence an investigation under the Australian Securities and Investments Commission Act 1989 into all or any part of the Company;
- r a provisional liquidator is appointed to the Company;
- s an inspector is appointed pursuant to the Corporations Act to investigate all or any part of the affairs of the Company;
- t the Company or an officer of the Company is charged with or convicted of an offence in relation to the Company's constituent documents or any law relating to companies or securities, ASX Listing Rules;
- u if without the prior consent of the Underwriter, which consent will not be unreasonably withheld, a material contract is terminated (whether by breach or otherwise), rescinded, altered or amended or any such contract is found to be void, voidable, or unenforceable;
- v the Company alters or announces an intention to alter its capital structure or its Constitution without the prior consent of the Underwriter, which shall not be unreasonably withheld;
- w ASX refuses, does not grant, on terms acceptable to the Underwriter, or withdraws approval for the granting of Official Quotation for the Shares comprising the Offer or ASX makes a statement to that effect to the Company, the Underwriter or any other person;
- x ASX refuses, does not grant, on terms acceptable to the Underwriter, or otherwise withdraws approval for the Company to be admitted to the Official List or ASX makes a statement to that effect to the Company, the Underwriter or any other person;
- y the All Ordinaries 500 Index of ASX falls below 3150;
- z the All Resources Index of ASX falls below 1580.
- aa the adoption of or announcement by or on the authority of the United States of America or Australian Governments of the following:
  - i any change in fiscal or monetary or taxation policy which would materially and adversely affect companies generally or the

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Company in particular or investment in stocks and shares generally including but not limited to any change which is likely to materially affect interest rates; or

- ii any law or prospective law or other measure having the effect or restraining capital issues, corporate profits or foreign investment;
  - bb hostilities not presently existing commence or a major escalation in existing hostilities occurs, whether war has been declared or not, involving any one or more of Australia, New Zealand, the United States of America, any member state of the European Union, Indonesia, Japan, Russia, or the People's Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries;
- 2 The Underwriter may terminate this Agreement under Clauses 1 a), b), c), d), f), u), v), aa), and bb) only if, in the reasonable opinion of the Underwriter, the relevant event has a material adverse effect on the Offer by written notice to the Company without any cost or liability to itself and without prejudice to any of their accrued rights hereunder.
  - 3 Subject to Clause 2, the Underwriter, in its absolute discretion, may terminate this Agreement pursuant to Clause 1 by written notice to the Company without any cost or liability to itself and without prejudice to any of their accrued rights hereunder.
  - 4 The Company must notify the Underwriter immediately after it becomes aware that any of the events referred to in Clause 1 having occurred or is about to occur.
  - 5 If the Underwriter exercises his right of termination under Clause 1, it must give immediate written notice of that fact to ASX.
  - 6 Subject to Clause 15 of the Underwriting Agreement if the Underwriter terminates this Agreement, the Company is not obliged to pay to the Underwriter the fees referred to in Clause 10.1 in the Underwriting Agreement.
  - 7 Nothing contained in these termination clauses shall prejudice or nullify any claims for damages or other right which the Underwriter or any other Indemnified Party may have against the Company for or arising out of any breach of covenant, warranty or representation or failure by the Company to observe or perform the obligations on its part contained in this Agreement.

**11.2 Sale Agreements****GEOTECH INTERNATIONAL PTY LTD AND DESERT EXPLORATION PTY LTD – OFFER TO PURCHASE JIMBERLANA PGM PROJECT**

By letter dated 31 August 2001, Avoca offered to purchase and “Geotech” and “Desert Exploration” agreed to sell the Jimberlana PGM project (tenements, data and related information) for the following consideration:

- (a) \$11,000 by way of non-refundable deposit;
- (b) \$22,000 payable on the successful listing of Avoca;
- (c) 1,000,000 ordinary fully paid \$0.20 shares in Avoca as vendor consideration transferred immediately on the successful listing of Avoca.

If Avoca is not listed on ASX by 31 December 2002, Avoca will cooperate with Geotech for that company to regain the ground the subject of the tenements and the agreement will terminate. The offer (other than the non-refundable deposit) is subject to approval of the Avoca Board.

**MOONTA NORTH PROJECT SALE AND PURCHASE AGREEMENT RESOURCE MAPPING PTY LIMITED AND AVOCA RESOURCES LIMITED**

Resource Mapping Pty Limited (“Resource Mapping”) has agreed to sell Exploration Licence 2749 (South Australia) together with all related exploration data, conceptual interpretations and proprietary information in respect of the Moonta North Project on the following terms and conditions:

- i. A total of \$10,000 upon signing of a Letter Agreement dated 15 November 2001 (which amount has or will be paid); and
- ii. Issue of 50,000 Vendor Shares upon the listing of Avoca on ASX.

The agreement is subject to formal documentation.

**11.3 Joint Venture Agreements**

PROJECT	JOINT VENTURERS	RIGHT TO EARN	EXPEND A\$M
Karonie South	Gold Fields	80%	0.30
Victory	Gold Fields	80%	0.15
Binduli East	AngloGold	75%	0.50
Transline	Harmony	80%	0.80
Blister Dam	Placer Dome	70%	1.20
Scotia (Gindalbie Terrain)	Aurion Gold	70%	1.00
Roe South	Aurion Gold	80%	1.00
Kookynie	Newcrest Mining	75%	0.80
Edjudina-Laverton	Croesus	80%	1.00
Mt. Morgans and Laverton	Metex	70%	0.70
Snake Hill	Barra	70%	0.30
South Laverton Tectonic Zone	Gutnick	80%	1.20
<b>Total</b>			<b>8.95</b>

**KARONIE JOINT VENTURE (LETTER AGREEMENT)  
WMC RESOURCES LTD AND HERON RESOURCES LIMITED**

By letter dated 22 March 2000, WMC Resources Ltd offered to enter into a farm-in and joint venture agreement with Heron in relation to mining tenements E28/631, E28/638, E28/665, E63/691, E28/1014, E28/929, E28/862, E28/861 and E28/860 subject to any ministerial consents and completion of due diligence to WMC's satisfaction.

The agreement is to be replaced by a comprehensive joint venture but until such time as that is executed, the parties are bound by the terms of the letter agreement.

The earning phase of the agreement entitles WMC to earn an 80% equity in the joint venture by spending \$300,000 on the designated area within five years of commencement. If WMC becomes entitled to an 80% equity in the tenements, and wishes to proceed to mine an identified deposit, it must inform Heron and the parties move into a production phase under the agreement. Heron is not obliged to contribute to expenditure until the first decision to mine is made and thereafter Heron shall contribute on the basis of \$1 for every \$4 WMC contributes. WMC is the manager during the earning phase and for any production joint venture. WMC must also keep the designated area in good standing. WMC may withdraw at any time after it has spent at least \$100,000 provided it completes any rehabilitation for work undertaken. Heron may withdraw and must first offer to transfer its equity share to WMC for consideration consisting only of the assumption by WMC of Heron's liabilities under the Mining Act.

If WMC identify a deposit which may be able to justify a mine and elects to proceed it must notify Heron and a separate joint venture is constituted to conduct the development and mining of the identified deposit (production phase). Heron must elect to contribute in accordance with its production joint venture equity or it may redeem its equity in the form of a 2.5% reconciled gold metal and other metals gross production royalty on minerals recovered from the identified deposit. If the decision to mine is not accompanied by a bankable feasibility study, Heron will be obliged to raise its own finance or source funding, otherwise WMC will provide reasonable assistance.

WMC may also identify a deposit which it does not wish to mine and must notify Heron. Heron may then exercise a right of pre-emption if WMC wishes to sell any deposit identified at an equivalent cash price to that WMC is offering to a proposed purchaser. If Heron does not take up the sale interest, the sale is in respect of both WMC and Heron's equity.

## SUMMARY OF MATERIAL CONTRACTS

By letter dated 27 August 2001, Heron agreed to waive its pre-emptive rights under the Karonie South Joint Venture Agreement so as to allow WMC to transfer its rights under that agreement to Gold Fields Limited.

By letter dated 12 November 2001, WMC agreed to waive its pre-emptive rights under the Karonie South Joint Venture Agreement so as to allow Heron to transfer its rights under that agreement to Avoca.

**VICTORY JOINT VENTURE (LETTER AGREEMENT)  
WMC RESOURCES LTD AND HERON RESOURCES LIMITED**

By letter dated 7 December 2000, WMC offered to enter into a farm-in and joint venture in relation to Exploration Licence 37/406, Prospecting Licences 37/5830, 37/5831, 37/5832 and 37/5833; and Mining Lease Applications 37/931 and 37/1088.

The agreement is to be replaced by a comprehensive joint venture but until such time as that is executed, the parties are bound by the terms of the letter agreement.

The earning phase of the agreement entitles WMC to earn an 80% equity in the joint venture by spending \$150,000 on the designated area within three years of commencement. If WMC becomes entitled to an 80% equity in the tenements, and wishes to proceed to mine, it must inform Heron and the parties move into a production phase under the agreement. Heron is not obliged to contribute to expenditure until the first decision to mine is made. WMC is the manager during the earning phase and for any production joint venture. WMC must also keep the designated area in good standing. WMC may withdraw at any time after it has spent at least \$20,000 provided it completes any rehabilitation for work undertaken. Heron may withdraw and must first offer to transfer its equity share to WMC for consideration consisting only of the assumption by WMC of Heron's liabilities under the Mining Act.

A separate joint venture is to be constituted for the production phase in which Heron may elect to either contribute on the basis of \$1 for every \$4 WMC contributes or its production joint venture equity is redeemed in the form of a 2.5% reconciled gold metal and 1.5% reconciled nickel metal gross production royalty in concentrate removed from the designated area.

WMC may also identify a deposit which it does not wish to mine and must notify Heron. Heron may then exercise a right of pre-emption if WMC wishes to sell any deposit identified at an equivalent cash price to that WMC is offering to a proposed purchaser. If Heron does not take up the sale interest, the sale is in respect of both WMC and Heron's equity.

By letter dated 27 August 2001, Heron agreed to waive its pre-emptive rights under the Victory Joint Venture Agreement so as to allow WMC to transfer its rights under that agreement to Gold Fields Limited.

By letter dated 12 November 2001, WMC agreed to waive its pre-emptive rights under the Victory Joint Venture Agreement so as to allow Heron to transfer its rights under that agreement to Avoca.

**ABATTOIR SHEAR JOINT VENTURE PROPOSAL  
ANGLOGOLD AUSTRALASIA AND HERON RESOURCES LIMITED**

By letter dated 5 May 2000, AngloGold confirmed the basic terms of an agreement for a joint venture in the Binduli area in Western Australia. The joint venture area encompasses the area covered by Prospecting Licences 26/2791, 26/2792, 26/2794, 26/2800-26/2803, 26/2814-26/2815 and 26/2818, Prospecting Licence Applications 26/2904 – 26/2905, 26/2972 and Exploration Licence Application 26/81 and commenced on 16 May 2000.

Under the terms of the letter agreement, AngloGold Australasia may acquire a participating interest of 75% by expending a total of \$500,000 within 4 years of the commencement date (at least \$30,000 is required to be expended within 18 months of the date of grant of the last of the prospecting licence applications). If the interest is not acquired as contemplated then the agreement terminates and AngloGold has no further interest in the tenements.

During the earning period and for so long as it holds a participating interest as great as that of Heron, AngloGold shall be manager of the joint venture.

Should either party propose to acquire any tenement or interest within the designated area during the term of the joint venture it shall offer the tenement or interest to the other party for inclusion in the tenements.

By letter dated 17 January 2002, AngloGold agreed to waive its pre-emptive rights under the Abattoir Shear Joint Venture Proposal so as to allow Heron to transfer its rights under that agreement to Avoca.

**TRANSLINE JOINT VENTURE AGREEMENT  
HERON RESOURCES LIMITED AND NEW HAMPTON GOLDFIELDS LIMITED  
(NOW HARMONY LIMITED)**

By agreement dated 27 October 2000, Heron agreed to grant New Hampton Goldfields the right to earn up to an 80% participating interest in E25/114, E25/167, E25/168, E25/179, E25/184, E25/186, E25/189, E25/191, E25/195, E25/204, E25/216, E25/1116, E25/1003 and P25/1580.

Subject to New Hampton Goldfields' right to withdraw, it may acquire an 80% participating interest by sole funding expenditure of \$800,000 within 5 years of the commencement date (being the date on which the condition precedent of obtaining consent of the Minister for Mines is satisfied). New Hampton Goldfields is the manager of the joint venture whilst the expenditure period continues and remains as manager for so long as it retains at least a 51% participating interest.

Following the expenditure period and prior to a decision to mine, Heron is free carried until a decision to mine is made. If a decision to mine is made then the participants are required to negotiate a new agreement governing the mining operations. Each joint venturer must contribute towards the capital costs of the mine established in proportion to their participating interests.

New Hampton Goldfields may withdraw in the period commencing 12 months after the commencement date and prior to the completion of the expenditure period, provided that it has made at least \$60,000 of expenditure and the tenements are in good standing.

By letter dated 21 September 2001, Harmony informed Heron that the proposed assignment to Avoca is not subject to the pre-emptive rights but that a deed of assumption must be entered into in accordance with the terms set out in the agreement.

**BLISTER DAM PROJECT  
PLACER DOME ASIA PACIFIC AND HERON RESOURCES**

By letter dated 3 August 2001 Placer Dome Asia Pacific ("PDAP") offered to farm in to Heron's Blister Dam project be spending up to \$2 million to earn up to 90% equity in the project for gold mineralisation (Heron retains a 100% unencumbered right to all nickel mineralisation within the joint venture tenements), over three earn in stages.

The Blister Dam project encompasses tenements and/ or applications M16/435, M28/842, E24/115, (together defined as the principal target area) and E16/181, E16/182, E16/195, E16/254 and E16/264. The earn in stages are as follows (if tenure over the principal target area is not obtained by 1 July 2002, then PDAP may withdraw provided the tenements are kept in good standing for the relevant period):

- 1) within 12 months of grant of the principal target area, PDAP must commit to spend a minimum of \$200,000 or commit to a minimum 3,000 RC Drilling program or 1,000 m diamond drilling. At this point PDAP may withdraw without retaining any interest in the project or elect to advance to Stage 2;
- 2) within 24 months of the end of stage one, PDAP may earn 70% by spending \$1,200,000 (this amount includes stage one expenditure and cash payments). At the end of Stage 2, Heron may elect to form a joint venture with PDAP and contribute 30% to exploration costs or dilute according to an agreed formula.
- 3) In stage 3, PDAP may earn up to 90% equity by spending a further \$800,000 within 18 months of the end of stage 2. At the end of Stage 3, Heron may elect to form a joint venture with PDAP and contribute 10% of the exploration/ development costs or Heron may elect to reduce to a 1.25% net smelter return.

Avoca is currently finalising joint venture negotiations that will enable Avoca to assume Heron's obligations as summarised above.

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**HERON SCOTIA (GINDALBIE TERRAIN) OPTION FARM-IN AND JOINT VENTURE HEADS OF AGREEMENT.****DELTA GOLD EXPLORATION PTY LTD AND HERON RESOURCES LIMITED**

By agreement dated 5 September 2000, Heron granted Delta the sole option to elect to earn a 70% interest in the tenements and minerals located within the tenements by contributing \$1,000,000 to joint venture expenditure in the earning period. The option was exercised within the option period ending 5 March 2001. Having exercised the option, the parties associated in a joint venture enabling Delta to earn the 70% interest in the earning period. The earning period ends on Delta contributing the \$1,000,000 or 5 years after the commencement date (being the date of execution of the agreement). Delta must maintain the tenements in good standing during the earning period and the free carry period. The tenements comprise Exploration Licences 27/145 and 27/169; Exploration Licence Application 24/97 and Mining Lease Applications 24/799 and 24/800.

Following completion of the earning period, Heron may elect to contribute to joint venture expenditure in accordance with its interest or may convert its interest to a free carried interest (meaning a 20% joint venture interest free carried to a decision to mine). If a decision to mine is made, then the participants are required to negotiate a new agreement governing the mining operations.

Under the Agreement, Delta shall be the manager whilst it is the sole contributor to expenditure and is entitled to remain as such whilst it holds a joint venture interest of 51% or greater.

Heron has also retained a 100% interest in any nickel resources within the tenement regardless of whether Heron's interest in the joint venture dilutes to below 5% and it is deemed to have withdrawn. If Heron resolves to relinquish the nickel interest it must first offer that interest to Delta.

By letter dated 5 September 2001, signed 26 September 2001, Delta agreed to waive its pre-emptive rights under the Option Farm-In and Joint Venture Heads of Agreement so as to allow Heron to transfer its rights under that agreement to Avoca.

**ROE SOUTH FARM-IN AND JOINT VENTURE HEADS OF AGREEMENT DELTA GOLD EXPLORATION PTY LTD AND HERON RESOURCES LIMITED**

By agreement dated 29 January 2002, Heron granted Delta the sole option to earn an 80% interest in the tenements and minerals located within the tenements by contributing \$1,000,000 to joint venture expenditure in the earning period. The earning period expires on the first of Delta contributing the \$1,000,000 or 5 years after the Commencement Date (being the date of execution of the agreement). \$120,000 must be spent within 12 months of the commencement date and Delta must maintain the tenements in good standing during the earning period and the free carry period. The tenements comprise Exploration Licences 28/886; 28/927; 28/1012; 28/1013; 28/1108 and 28/1166.

Following completion of the earning period, Heron may elect to contribute to joint venture expenditure in accordance with its interest or may convert its interest to a free carried interest (meaning a 15% joint venture interest free carried to a decision to mine). Heron may elect to fund its interest, have Delta fund its interest (such funding repayable with interest) or convert its interest to a production royalty of between 1- 2.5% of gross revenue depending on the average grade of gold produced.

Under the Agreement, Delta shall be the manager whilst it is the sole contributor to expenditure and is entitled to remain as such whilst it holds a joint venture interest of 51% or greater.

Heron has retained a 100% interest in any nickel resources within the tenement regardless of whether Heron's interest in the joint venture dilutes to below 5% and it is deemed to have withdrawn. If Heron resolves to relinquish the nickel interest it must first offer that interest to Delta.

The Agreement may be assigned to Avoca provided Avoca enters into a Deed of Covenant to observe and perform all the terms and conditions of the agreement.

**KOOKYNIIE PROJECT****NEWCREST MINING LIMITED AND HERON RESOURCES LIMITED**

By letter dated 25 June 2001, Newcrest agreed indicative arrangements to farm in to Exploration Licences 31/410, 31/484 and 40/127, near Kookyynie.

Newcrest will sole fund the first \$800,000 of exploration expenditure over a five year period (\$60,000 within 12 months of commencement) to earn a 75% interest in the tenements. Thereafter, at each six monthly programme and budget, Heron may elect to either contribute or dilute in accordance with a standard dilution formula. The arrangement also proposes a carried or free carried option depending on Heron's level of participation interest. If Heron dilutes to not less than 20% it may be carried by way of a non-recourse loan repayable from cash flow of any future mining operation. Heron may elect to be free carried if its interest is above 10% but would be free carried at 10% in which case Newcrest would contribute Heron's 10% share until a decision to mine is made.

Newcrest may only withdraw after incurring the first \$60,000 and the tenements are in good standing on a pro rata basis.

Heron retains all nickel rights.

The arrangement is not binding until the parties have executed a formal joint venture agreement.

Avoca is currently finalising joint venture negotiations that will enable Avoca to assume Heron's obligations as summarised above.

**EDJUDINA AND LAVERTON PROJECTS HERON RESOURCES LIMITED AND CROESUS MINING NL**

By letter dated 26 March 1999, Croesus offered to joint venture with Heron in relation to tenements E31/233 – 31/237 inclusive, E31/190, E31/311, E31/ 312, E31/ 430, P31/1537, P31/1548, P31/ 1580, P31/ 1581, P31/ 1582, E31/ 354, E31/374, E31/ 288, E38/ 944, E38/ 945, E38/ 946, E38/1152 and E38/1153. The parties subsequently agreed to incorporate E31/377, ELA31/524, ELA 31/795, ELA31/479 and ELA 31/465 into the agreement.

The agreement provides that as at commencement, Croesus is deemed to hold an 80% interest in the tenements, including the applications. The deemed period means meeting expenditure of \$750,000 within 36 months of signing and meeting minimum expenditure requirements in the first 12 months. The 80% equity is transferred upon completion of the expenditure. Croesus will then continue to maintain the tenements and sole fund expenditure until completion of a decision to mine feasibility study, during which time Heron's interest is free carried. Within 90 days of a decision to mine, Heron may elect to contribute or to withdraw (with no retained interest).

Heron retains a 100% interest in any nickel resources within the tenements provided it retains a minimum percentage interest in the joint venture and may conduct exploration and development so long as these activities do not materially affect Croesus' activities.

The parties subsequently agreed to extend the earning period to 48 months and to increase the expenditure commitment to \$1,000,000. P31/1537, E31/233, E31/234 and E31/237 have been withdrawn from the joint venture.

By letter dated 5 September 2001, signed 14 September 2001, Croesus agreed to waive its pre-emptive rights under the Edjudina and Laverton Projects Joint Venture Proposal so as to allow Heron to transfer its rights (other than its retained 100% interest in any nickel resource) under that agreement to Avoca.

**HEADS OF AGREEMENT MT. MORGANS WEST AND NORTH-WEST P39/3454-0 3457 AND P39/3466 - 3469****METEX RESOURCES NL, NICKELEX PTY LTD AND HERON RESOURCES LIMITED**

By agreement date 26 June 1997, Heron granted Metex and Nিকেlex the right to earn a 70% participating interest in P39/3454-0 3457 and P39/3466 – 3469 by sole funding a total of \$200,000 expenditure within four years of the commencement date (30 April 1997) and making a cash payment of \$10,000 (cost of exploration to date of agreement).

For the period of sole funding, Metex is appointed manager and for that period and thereafter whilst it remains manager it is granted the exclusive right of access to the tenements to carry out the joint venture activities. Following completion of the sole funding period, the parties are to establish an operating committee.

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Following the completion of sole funding, Heron must either contribute to programmes and budgets or dilute according to an agreed formula. Provided that the operating committee has not resolved to establish a mining operation, Heron may elect to dilute until its interest reduces to 20% and thereafter Heron can elect to be free carried until a decision to mine.

If the manager makes a mining recommendation having received a mining feasibility study the relevant portion of the joint venture is segregated and a separate joint venture arises for that area. The parties must advise whether they wish to participate at either their full participating interest level or some lesser level. If some lesser level is specified (or deemed) that participant's interest is reduced to that reduced level and the full participants' interests are increased according to the amount of the reduction by way of a deemed purchase. The price payable for the deemed purchase is determined by two independent valuations.

Heron acknowledges that Metex is exploring for gold whereas Nickelex is exploring for all other minerals.

By letter dated 5 September 2001, signed 25 January 2002, Metex agreed to waive its pre-emptive rights under the Mt. Morgans West and North West Agreement so as to allow Heron to transfer its rights under that agreement to Avoca.

**HEADS OF AGREEMENT HAWKS NEST SOUTH E38/832  
METEX RESOURCES NL, NICKELEX PTY LTD AND HERON RESOURCES LIMITED**

By agreement date 26 June 1997, Heron granted Metex and Nickelex the right to earn a 70% participating interest in E38/832 by sole funding a total of \$200,000 expenditure within four years of the commencement date (30 April 1997) and making a cash payment of \$10,000 (cost of exploration to date of agreement).

For the period of sole funding, Metex is appointed manager and for that period and thereafter whilst it remains manager it is granted the exclusive right of access to the tenements to carry out the joint venture activities. Following completion of the sole funding period, the parties are to establish an operating committee.

Following the completion of sole funding, Heron must either contribute to programmes and budgets or dilute according to an agreed formula. Provided that the operating committee has not resolved to establish a mining operation, Heron may elect to dilute until its interest reduces to 20% and thereafter Heron can elect to be free carried until a decision of mine.

If the manager makes a mining recommendation having received a mining feasibility study, the relevant portion of the joint venture is segregated and a separate joint venture arises for that area. The parties must advise whether they wish to participate at either their full participating interest level or some lesser level. If some lesser level is specified (or deemed) that participant's interest is reduced to that reduced level and the full participants' interests are increased according to the amount of the reduction by way of a deemed purchase. The price payable for the deemed purchase is determined by two independent valuations.

Heron acknowledges that Metex is exploring for gold whereas Nickelex is exploring for all other minerals.

By letter dated 5 September 2001, signed 6 September 2001, Metex agreed to waive its pre-emptive rights under the Hawks Nest South Agreement so as to allow Heron to transfer its rights under that agreement to Avoca.

**HEADS OF AGREEMENT HAWKS NEST E38/831  
METEX RESOURCES NL, NICKELEX PTY LTD AND HERON RESOURCES LIMITED**

By agreement date 26 June 1997, Heron granted Metex and Nickelex the right to earn a 70% participating interest in E38/831 by sole funding a total of \$300,000 expenditure within four years of the commencement date (30 April 1997) and making a cash payment of \$10,000 (cost of exploration to date of agreement).

For the period of sole funding, Metex is appointed manager and for that period and thereafter whilst it remains manager it is granted the exclusive right of access to the tenements to carry out the joint venture activities.

Following completion of the sole funding period, the parties are to establish an operating committee.

Following the completion of sole funding, Heron must either contribute to programmes and budgets or dilute according to an agreed formula. Provided that the operating committee has not resolved to establish a mining operation, Heron may elect to dilute until its interest reduces to 20% and thereafter Heron can elect to be free carried until a decision of mine.

If the manager makes a mining recommendation having received a mining feasibility study, the relevant portion of the joint venture is segregated and a separate joint venture arises for that area. The parties must advise whether they wish to participate at either their full participating interest level or some lesser level. If some lesser level is specified (or deemed) that participant's interest is reduced to that reduced level and the full participants' interests are increased according to the amount of the reduction by way of a deemed purchase. The price payable for the deemed purchase is determined by two independent valuations.

Heron acknowledges that Metex is exploring for gold whereas Nickelex is exploring for all other minerals. In addition, as the area of the joint venture lies within an area of interest in the Laverton Joint Venture with Granny Smith, the Metex and Nickelex were required to offer the Granny Smith joint venturers the right to participate.

By letter dated 5 September 2001, signed 6 September 2001, Metex agreed to waive its pre-emptive rights under the Hawks Nest Agreement so as to allow Heron to transfer its rights under that agreement to Avoca.

**JOINT VENTURE – SNAKE HILL TENEMENTS  
CONNEMARA GOLD MINES PTY LTD AND KILLORAN NL**

By letter dated 18 April 1997, Connemara offered to enter into a joint venture to explore E30/166 and E29/290 and earn a 70% equity in the tenements by expenditure of \$300,000 within 4 years of signing the agreement (signed 24 April 1997). Upon earning the equity interest and if Killoran elect not to contribute to ongoing expenditure, Connemara has the right to earn a further 15% equity by sole funding all expenditure to produce a final bankable feasibility document.

Upon presentation of the bankable feasibility document, Killoran may elect to dilute pursuant to an agreed formula or contribute in proportion to its participating interest.

By Deed of Acknowledgement and Novation dated 18 October 2000, Heron acknowledged that being the registered owner of E30/166 it is bound by the agreement and that E29/290 is beneficially owned by Heron. In addition, the parties agreed to novate the agreement to Barra Resources Limited in substitution for Connemara.

By letter dated 5 September 2001, signed 5 September 2001, Barra Resources agreed to waive its pre-emptive rights under the Snake Hill Tenements Agreement so as to allow Heron to transfer its rights under that agreement to Avoca.

**HEADS OF AGREEMENT  
HERON RESOURCES LIMITED AND MT. KERSEY MINING NL (NOW GUTNICK RESOURCES NL)**

By Agreement dated 10 June 1999, Heron agreed to farm out an 80% interest in tenements E31/263, E31/265, E31/313, E31/315, E31/343, P28/923 – 927 inclusive and P39/369 (group 1 tenements) and 31/244, E31/317, E31/352, E31/353, E39/662, E39/663, E28/891, E31/434, E31/721, E39/729, E39/734, P31/1546, P31/1569 – 1575 inclusive (group 2 tenements).

Mt. Kersey is able to earn an 80% interest in the tenements by conducting exploration and meeting minimum exploration commitments on the group 1 tenements and expending \$300,000 within 18 months from the start date on group 2 tenements (which sum includes exploration spent on the group 1 tenements). The start date is defined as the date when any two of E31/244, 31/317 and 31/353 are granted. Upon expending the \$300,000, Mt. Kersey may elect to withdraw or to expend a further \$900,000 within 4 years from the start date. Once Mt. Kersey notifies Heron that it had expended a total of \$1,200,000, Heron will transfer the 80% interest to Mt. Kersey.

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Upon earning its interest, Mt. Kersey and Heron agree to form a joint venture and Mt Kersey agrees to sole fund and free carry Heron until it completes a bankable feasibility study and until a decision to mine is made. Mt Kersey is appointed manager whilst it is sole funding and the management committee does not operate. Upon receipt of a bankable feasibility study, Heron must elect whether to contribute to the joint venture, sell its interest or convert to a royalty interest. The royalty is an interest of 2.5% of net smelter return from gold produced out of the tenements.

The Agreement may be assigned to a related body corporate subject to assigning the interest back in the event that it ceases to be a related body corporate. Otherwise assignment is permitted provided the non assigning party is first offered the assigning interest for a cash consideration unless the non assigning party expressly waives this requirement. At the time of lodging this Prospectus, negotiations were still in progress.

#### 11.4 Tenement Acquisition Option Agreement

##### HEADS OF AGREEMENT

##### HERON RESOURCES LIMITED AND AVOCA RESOURCES LIMITED, OPTION AGREEMENT AND DEED OF VARIATION

By Heads of Agreement dated 20 December 2001, Heron granted Avoca an option to acquire the minerals assets (being those tenements identified in the Schedule to Section 9 of the Prospectus) within the option period (ending 30 June 2002).

The agreement is conditional upon Heron obtaining all necessary shareholder and regulatory approvals (Heron shareholder approval was obtained on 29 January 2002); all necessary third party consents; Avoca being satisfied with the results of due diligence; the parties entering into a formal agreement and Avoca receiving a letter of conditional approval for admission to the official list of ASX.

Should Avoca elect to exercise the option, Heron must transfer the interest in the mineral assets to Avoca, unencumbered, and Avoca must issue the Avoca shares to Heron for in specie distribution to its shareholders.

The parties also agreed a procedure for the pegging and purchase of mineral rights such that where the target is predominantly nickel laterite or nickel sulphide, Heron shall hold prior rights of acquisition and where the target is predominately precious metals, Avoca shall hold prior rights of acquisition.

By Deed of Variation dated 29 January 2002, the parties agreed to vary the Heads of Agreement.

The Heads of Agreement is varied such that:

- the procedure for tenement acquisition services is detailed such that Avoca is liable to pay for these services on the basis of 50% of the time cost of Heron employees; if a dispute arises it is settled by the chairman of Heron and the services may be terminated on one months notice; and
- the transfer of mineral rights to Avoca is subject to Heron using its best endeavours to transfer such rights unencumbered. However, if the assets cannot be transferred they will be deemed to be deleted from the agreement with no change in the consideration. In addition, the Avoca shares (for distribution) issued on 12 February 2002 together with issuing Heron with six million unlisted options to acquire shares in Avoca for the sum of \$0.25 per share expiring on 30 June 2006.

#### 11.5 Employment Contracts

##### Rohan Williams - Managing Director Terms of Engagement

By letter dated 11 September 2001, with effective commencement of 22 October 2001, the terms of engaging Rohan Williams as Managing Director of Avoca were confirmed.

Mr Williams has been employed on standard terms and conditions. The total remuneration package for Mr Williams is \$155,712 (inclusive of superannuation) per annum to be reviewed annually by the Board in accordance with Avoca's management by objective employee review system. Should the Avoca initial public offering not proceed, Mr Williams has been guaranteed employment with Heron for a period of at least 1 year from his appointment.

Mr Williams will also be offered 1,000,000 unlisted options to subscribe for ordinary shares at an exercise price of \$0.25 per share after 2 years from the option issue and expiring on 30 June 2006, subject to the employee option plan.

The agreement may be terminated on not less than two months notice in writing or payment in lieu of notice.

##### Geoff Collis - Exploration Manager Terms of Engagement

By letter dated 21 January 2002, the terms of engaging Geoff Collis as Exploration Manager of Avoca were confirmed.

Mr Collis has been employed on standard terms and conditions. The total remuneration package for Mr Collis is \$116,800 (inclusive of superannuation) to be reviewed annually by the Board in accordance with Avoca's management by objective employee review system.

Mr Collis will also be offered 500,000 unlisted options to subscribe for ordinary shares at an exercise price of \$0.25 per share after 2 years from the option issue and expiring on 30 June 2006, subject to the employee option plan.

The agreement may be terminated on not less than one months notice in writing or payment in lieu of notice.

##### Geosurveys Australia Pty Ltd

By letter dated 26 January 2002, Avoca agreed to contract for the non-exclusive services of Geosurveys as geological consultants, on an as needs basis, for a period of 12 months from the date of the letter (the parties may agree on a 12 months extension). The fee structure for work undertaken is in accordance with Geosurveys' general schedule of rates as at November 2001.

##### Southern Geoscience Consultants Pty Ltd

By letter dated 26 January 2002, Avoca agreed to contract for the non-exclusive services of Southern Geoscience Consultants as geophysical consultants, on an as needs basis, for a period of 12 months from the date of the letter (the parties may agree on a 12 months extension). The fee structure for work undertaken is in accordance with the Schedule attached to the letter dated 26 January 2002.

##### Outside Insight

By letter dated 31 August 2001, Avoca offered to retain Paul Askins of Outside Insight to provide geological services as a consultant to Avoca during its first year of operation. The total fees payable are \$60,000 for up to 108 days of consultancy services at the rate of approximately 9 days per month.

#### 11.6 Gold Fields Limited Letter Agreement

By letter dated 8 February 2002, Gold Fields has advised of its intention to subscribe for 7,500,000 shares under the Prospectus for an application price of \$1,500,000. Subject to Gold Fields maintaining a minimum 10% shareholding in Avoca, Gold Fields will be entitled:

- to nominate a Director to the Avoca Board;
- be granted a first right of refusal on projects Avoca elects to transfer or joint venture; and
- the right to participate, pro rata, in any issue of Shares, or securities convertible into Shares.

#### 11.7 Service Agreements

##### Serviced Offices and Secretarial Services

Interests associated with Pamela Jean Buchhorn, the wife of Director Ian Buchhorn, provide serviced offices and secretarial services to Avoca on normal commercial terms and conditions.

## ADDITIONAL INFORMATION

**12.1 Rights and Liabilities attaching to Shares****Shares**

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, ASX Listing Rules and the general law.

The following is a summary of the material rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders. To obtain such a statement, persons should seek independent legal advice.

**Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of Shareholders every Shareholder present has one vote on a show of hands and one vote per Share on a poll. The person who holds a Share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid on the relevant Share bears to the total issue price of the share.

**Dividends**

Subject to the rights of holders of Shares issued with any special rights (at present there are none), the Directors may resolve to pay dividends, but only out of profits of the Company, and among the holders of partly paid shares in proportion to the amounts paid (not credited as paid) of the total amounts paid or payable including amounts credited) on the Shares in respect of which the dividend is paid. All Shares currently on issue are fully paid shares.

**Future Issues**

Subject to the Constitution of the Company, the Corporations Act and ASX Listing Rules, the Company (under the control of the Directors) may allot, issue and grant options over the unissued shares in the Company at the times and on the terms and conditions that the Directors resolve. The Company may issue preference shares and the Company may, by ordinary resolution, convert all or any of its Shares into a larger or smaller number. The Company may reduce its share capital and may buy back shares in itself.

**Transfer of Shares**

A Shareholder may transfer shares by a proper SCH transfer (as defined in the Corporations Act) or any other method of transferring or dealing in shares introduced by ASX or operated in accordance with the SCH Business Rules or the Listing Rules; or by an instrument in writing in any usual or common form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of Shares, other than a proper SCH transfer, where any applicable law permits the Company to do so. The Company must not prevent delay or interfere with the registration a proper SCH transfer of Shares or any other transfer of Shares.

Subject to ASX Listing Rules and SCH Business Rules, while the Company is a listed company, the Board may close the register for registration of transfers during such times as the Directors may determine, not exceeding 30 days in each calendar year or any one period of more than 5 consecutive business days.

**Meetings and Notices**

Each Shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or ASX Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act or the Constitution.

**Winding Up**

Subject to the Constitution and rights and restrictions attached to any Shares (at present there are none), Shareholders will be entitled, in a winding up, to any surplus assets of the Company in the proportion which

the amount paid on the Shares bears to the total amount paid or payable of the Shares of all Shareholders.

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Shareholders:

- distribute among the Shareholders the whole or any part of the property of the Company; and
- decide how the distribution is to be carried out as between the Shareholders or different classes of shareholders.

**Unmarketable Parcels**

The Constitution provides for the sale of unmarketable parcels subject to any applicable law and provided an elimination notice is given to the minority Shareholders stating that the Company intends to sell or dispose of their relevant securities unless a notice of retention is received by a specified date.

**Proportional Takeover Bid**

Where offers have been made under a proportional takeover bid, the Directors must convene a meeting of those persons entitled to vote to pass a resolution to approve the proportional takeover bid.

**Shareholder Liability**

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

**Alteration to the Constitution**

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. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

**ASX Listing Rules**

If the Company is admitted to the Official List, then despite anything in the Constitution, if ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that ASX Listing Rules require to be done. If ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If ASX Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

**12.2 Rights and Liabilities attaching to Options**

Each Option on issue entitles the holder to subscribe for a Share at an issue price of \$0.25. The Options are unlisted.

The Options are exercisable at any time prior to 5.00pm WST 30 June 2006 ("Expiry Date") by notice in writing to the Directors accompanied by payment of the exercise price.

These Options are not transferable other than to permitted nominees.

Shares allotted and issued pursuant to the exercise of Options will be allotted and issued not more than 10 business days after receipt of a properly executed notice of exercise of the Option and payment of the requisite application monies.

Shares issued upon exercise of the Options will rank equally in all respects with the Company's then existing ordinary Shares subject to any relevant escrow restrictions that may apply.

There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered or made to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the Record Date will be at least 10 business days after the issue is announced. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

## AVOCA RESOURCES LIMITED

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## ADDITIONAL INFORMATION

In the event of a bonus issue, the number of Shares over which the Option is exercisable will be increased by the number of Shares the holder would have received if the Option had been exercised before the record date.

In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the reorganisation.

The 3,400,000 Options to be issued to Directors, management and Heron employees, are issued on the same terms as detailed above, however, they are subject to the following further restrictions. These Options expiry date is 30 June 2006 and cannot be exercised before the expiration of 24 months from the issue date. These conditions are waived in the event of a takeover offer being made for the Company or after a change of control event has occurred. At any time after the first anniversary of the issue date, the Options lapse within 3 months after resignation of the relevant person from the Company and automatically in the event of a dismissal of the relevant person for cause.

### 12.3 Tax Considerations

The following is a simplified outline of the tax position for Australian resident individual investors based on the current law. It is not meant to be an authoritative or complete statement of law. Investors, and in particular, non-Australian residents, should seek their own advice in relation to their particular taxation situation.

#### Tax on Dividends – Individual Shareholders

Dividends received by Australian residents are normally taxable as income. Individuals are required to include in their assessable income the dividend received in addition to the amount of imputation credit attached to the franked component of the dividend. The individual is entitled to a rebate equivalent to the amount of this imputation credit. A franked dividend is one which is paid out of company profits in respect of which Australian company tax has been paid. The tax paid determines the available imputation credit attaching to the dividend which in turn determines the franking rebate.

#### Tax on Dividends – Corporate Shareholders

Australian resident corporate Shareholders who receive dividends are required to include the dividend in their assessable income. The Shareholder is then entitled to a dividend rebate equal to the company tax rate multiplied by the franked portion of the dividend. Unfranked dividends do not qualify for the dividend rebate.

#### Disposal of Shares

Shareholders who dispose of their Shares at a price in excess of the cost base (being the application price in the case of the Shares offered under this Prospectus) may be subject to capital gains tax. Tax is imposed on the gain realised on the disposal, less incidental costs on acquisition and disposal. Shareholders who dispose of their Shares at a price which is less than their cost base may incur a capital loss. Subject to conditions, a capital loss may be offset against capital gains that arise in the same year of income or a subsequent year of income. A capital loss may not be offset against ordinary income. Gains realised by certain categories of Shareholders (such as share traders) may be taxed as ordinary income. An individual may be able to reduce any future capital gain liability by 50% where the Shares are held for at least 12 months prior to sale.

Investors who have any queries about the taxation consideration of share ownership should consult a suitable qualified adviser.

### 12.4 Corporate Governance

The Board currently comprises four Directors and is responsible for overall corporate governance of the Company including its strategic direction and objectives, the management framework of the Company including a system of internal control and accountability, remuneration, business risk management and the establishment of appropriate ethical standards. The size of the Company does not warrant the establishment of independent audit, corporate governance and remuneration committees. Management of these functions is the responsibility of the Board.

The Board is committed to operating to industry best standards in all aspects of the Company's business and is responsible for the overall internal control of the Company. The internal control process derives from direct involvement in management and operations by the Chairman and the Managing Director with close consultation and review between all the Directors and external auditors.

The Directors monitor the business affairs of the Company on behalf of shareholders and may adopt formal corporate governance policies from time to time as they consider appropriate to assist with the internal procedures of the Company.

### 12.5 Director & Officer Protection Deeds

The Company, has entered into Director & Officer Protection Deeds ("Deed") with each Director and the Company Secretary ("Officers"). Under the Deed, the Company indemnifies the officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the Deed.

Also pursuant to the Deed, the Company must insure the officers against liability and provide access to all board papers relevant to defending any claim brought against the officers in their capacity as officers of the Company.

### 12.6 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company, or
- the Offer.

#### Holdings of Directors

As at the date of this Prospectus, the Directors have relevant interests in Shares and unlisted Options as set out in the table below:

DIRECTOR	SHARES	OPTIONS UNLISTED
Robert Reynolds	0	300,000 <sup>1</sup>
Rohan Williams	0	1,000,000 <sup>2</sup>
Ian Buchhorn	6,552,231	200,000 <sup>2</sup>
Stephanie Unwin	0	200,000 <sup>2</sup>
<b>Total</b>	<b>6,552,231</b>	<b>1,700,000</b>

<sup>1</sup> Mr Reynolds 300,000 unlisted Options are to be approved by Shareholders after listing. Each Option is exercisable at \$0.25 and expires on 30 June 2006.

<sup>2</sup> Messrs Williams and Buchhorn and Ms Unwin's unlisted Options are to be issued after the allotment of the Offer shares and before listing. Each Option is exercisable at \$0.25 and expires on 30 June 2006.

It is the intention of the Directors to participate in the Offer. Mr Buchhorn has a preferred entitlement to Shares in the Offer.

#### Remuneration of Directors

The Constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting of Shareholders. The aggregate remuneration has been set at an amount of \$175,000 per annum.

## ADDITIONAL INFORMATION

Non-Executive Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

The remuneration of Executive Directors will be fixed by the Directors and may be paid by way of fixed salary.

**12.7 Interests of Experts and Advisers**

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- 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 under this Prospectus; or
- c) the Offer under this Prospectus.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

Pullinger Readhead Stewart has acted as solicitors to the Offer and in that capacity has been involved in undertaking due diligence enquiries for the preparation of the Prospectus and providing legal advice to the Company in relation to the Offer. In respect of this work, the Company will pay approximately \$20,000 for services in relation to the Prospectus. Pullinger Readhead Stewart has provided other professional services to the Company during the last four months for a total of \$9,176.

Snowden Corporate Services Pty Ltd has prepared the Independent Consulting Geologist's Report included in this Prospectus. In respect of this work, the Company has agreed to pay approximately \$15,000.

McKenzie Lalor has acted as Independent Solicitor Mineral Titles to the Offer and in that capacity has prepared the Independent Solicitor's Report included in Section 9 of this Prospectus. In respect of this work, the Company will pay approximately \$24,000 for services in relation to the Prospectus. McKenzie Lalor has provided other professional services to the Company during the last four months for \$5,000.

Butler Settineri Securities Pty Limited has acted as the Investigating Accountant to the Offer and in that capacity has prepared the Investigating Accountant's Report included in this Prospectus. In respect of this work, the Company will pay \$15,000. Butler Settineri has provided auditing and other services to the Company during the last two months for a total of \$7,260. Butler Settineri has also agreed to act as auditors to the Company and will be paid additional fees for rendering these and other services.

DJ Carmichael & Co acts as Underwriter to the Offer. The Company has agreed to pay an underwriting fee of \$240,000 and a management fee of \$60,000 subject to the completion of the Offer and will also pay all reasonable costs and expenses incurred by the Underwriter in relation to this Prospectus and the Offer.

Carmichael First Capital Pty Limited, a wholly owned subsidiary of the Underwriter has acted as corporate adviser to the Offer and has been involved in undertaking due diligence enquiries for the preparation of the Prospectus and providing corporate advice to the Company in relation to the Offer. In respect of this work, the Company has or will pay \$60,000.

**12.8 Consents**

Each of the Parties referred to in this Section:

- a) does not make, or purport to make, any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section; and
- b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section.

Snowden Corporate Services Pty Ltd has given its written consent to being named as the Independent Consulting Geologist to the Company and to the inclusion of the Geologist's Report in Section 8 of this Prospectus in the form and context in which the report is included and all statements referring to that report in the form and context in which they appear. Snowden Corporate Services Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Pullinger Readhead Stewart has given its written consent to being named as solicitor to the Company and to the inclusion of the Material Contracts in Section 11 of this Prospectus in the form and context in which the report is included and all statements referring to that report in the form and context in which they appear. Pullinger Readhead Stewart has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

McKenzie Lalor has given its written consent to being named as Independent Solicitor and to the inclusion of the Independent Solicitors Report in Section 9 of this Prospectus in the form and context in which the report is included and all statements referring to that report in the form and context in which they appear. McKenzie Lalor has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Butler Settineri has given its written consent to be named as Auditor to the Company in this Prospectus. Butler Settineri Securities Pty Limited has given its written consent to be named as the Investigating Accountant and to the inclusion of the Investigating Accountant's Report in Section 10 of this Prospectus in the form and context in which the report is included and all statements referring to that report in the form and context in which they appear. Butler Settineri Securities Pty Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

DJ Carmichael & Co has given its written consent to being named as the Underwriter to the Offer in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Carmichael First Capital Pty Limited has given its written consent to being named as the corporate adviser to the Offer in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

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

**12.9 Litigation**

Tenement searches have confirmed two of the Company's tenements are, at the time of lodging this Prospectus, subject to plaintiff. Tenement E31/265 which forms part of the Gutnick South Laverton Tectonic Zone joint venture is plaintiffed by Ajax Mining Nominees Pty Ltd. Gutnick are joint venture operator, and are responsible for defending the plaintiff. Tenement E31/489 which forms part of the Gutnick South Laverton Tectonic Zone joint venture is plaintiffed by MPF Exploration Pty Ltd. Gutnick are joint venture operator, and are responsible for defending the plaintiff.

Subject to the plaintiffs described above, litigation searches confirm that there is no other litigation against the Company or instituted by the Company. To the knowledge of the Directors, other than the plaintiffs referred to above, there is no other litigation threatened against the Company and no litigation threatened by the Company.

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AVOCA RESOURCES LIMITED

## ADDITIONAL INFORMATION

**12.10 Expenses of the Offer**

The expenses connected with the Offer including underwriting and management fees payable to the Underwriter, fees of the Investigating Accountant, Independent Solicitor and Corporate Adviser, printing, listing fees, postage and advertising and other miscellaneous expenses.

Estimated listing expenses are summarised as follows:

Snowden Corporate Services Pty Ltd	\$ 15,000
Butler Settineri Securities Pty Ltd	\$ 15,000
McKenzie Lalor	\$ 24,000
Pullinger Readhead Stewart	\$ 20,000
D J Carmichael & Co	\$300,000
Carmichael First Capital Pty Ltd	\$ 20,000
Printing, postage	\$ 45,000
Listing and Lodgement Fees	\$ 30,000
Contingency	\$ 31,000
Total	<u>\$500,000</u>

Heron is funding Avoca's current exploration and administrative costs, which as at 31 December 2001 were \$518,883.

**12.11 Enquiries**

Enquiries regarding this Prospectus may be directed to:

**Avoca**

Telephone: (08) 9022 7625

Email: [avoca@avocaresources.com.au](mailto:avoca@avocaresources.com.au)

**D J Carmichael & Co**

Telephone: (08) 9263 5200

Email: [info@djcar michael.com.au](mailto:info@djcar michael.com.au)

## SECTION 13

## DIRECTORS' STATEMENT

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Dated: 20 February 2002

**Signed for and on behalf of Avoca Resources Limited**

Rohan Ian Williams

## GLOSSARY

**FINANCIAL AND CORPORATE TERMS**

**\$** means Australian dollars. All amounts in this Prospectus are in Australian dollars unless otherwise stated.

**AVOCA IN SPECIE SHARES** means Shares issued pursuant to the Tenement Acquisition Option Agreement, whereby Avoca must issue up to 21,031,735 ordinary Shares at a deemed issue price of \$0.033 per share to Heron to be distributed to Heron's shareholders for no cost as a distribution in specie on a pro rata basis.

**ANGLOGOLD** means AngloGold Australasia Limited.

**APPLICANT** means a person who submits an Application Form under this Prospectus.

**APPLICATION FORM** means the application form accompanying this Prospectus.

**AURION GOLD** means Aurion Gold Limited.

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

**ASX** means Australian Stock Exchange Limited.

**ASX LISTING RULES** means the official listing rules of ASX and any other rules of ASX which apply while the Company is a listed company, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.

**AVOCA OR THE COMPANY** means Avoca Resources Limited (ABN 30 097 083 282).

**BARRA** means Barra Resources Limited.

**BOARD** means the Board of Directors as constituted from time to time.

**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.

**CHESS** means the ASX Clearing House Electronic Sub-registry System.

**CLOSING DATE** means the last date of receipt of completed Application Forms for the Offer which is 5:00 pm WST on 2 April 2002 or such other date and time as the Directors, in conjunction with the Underwriter, in their absolute discretion, may determine.

**CONSTITUTION** means the Constitution of the Company dated 25 September 2001.

**CORPORATIONS ACT** means the Corporations Act of Australia 2001 (Commonwealth).

**CROESUS** means Croesus Mining NL.

**DIRECTORS** means the Directors of the Company.

**D J CARMICHAEL & CO** means D J Carmichael Pty Limited (ABN 26 003 058 857). Member Corporation of Australian Stock Exchange Limited.

**EXPOSURE PERIOD** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

**GOLD FIELDS** means Gold Fields Australasia Pty Ltd.

**GUTNICK** means Gutnick Resources NL.

**HARMONY** means Harmony Gold Mining Company Limited.

**HERON** means Heron Resources Limited (ABN 30 068 263 098).

**IPO** means Initial Public Offering by the Company pursuant to this Prospectus.

**ISSUE PRICE** means \$0.20 per Share.

**METEX** means Metex Resources Limited.

**NEWCREST MINING** means Newcrest Mining Limited.

**NORMANDY** means Normandy Mining Limited.

**NSR** means Net Smelter Return, being the payment for mineral products less smelting, refining, transport, insurance and similar costs.

**OFFICIAL LIST** means the official list of ASX.

**OFFICIAL QUOTATION** has the same meaning as in the ASX Listing Rules.

**OFFER** means the invitation to apply for Shares under this Prospectus.

**OPENING DATE** means the first date for receipt of completed Application Forms which is 9:00am WST on 1 March 2002.

**OPTION** means an option to subscribe for a Share subject to the terms and conditions set out in Section 12.2 of this Prospectus.

**PLACER DOME** means Placer Dome Asia Pacific Limited.

**PROSPECTUS** means this Prospectus dated 20 February 2002.

**RECORD DATE** means the date at which the Heron Resources Limited shareholders, who are registered as shareholders, will be entitled to participate in the preference allocation pursuant to Section 3.2 of this Prospectus.

**SCH BUSINESS RULES** means the Securities Clearing House Business Rules and any other rules of ASX Settlement and Transfer Corporation Pty Limited which apply while the Company is an issuer of CHESS Approved Securities, each as amended or replaced from time to time.

**SHARE** means an ordinary Share in the capital of the Company.

**SHAREHOLDER** means the holder of ordinary Shares in the capital of the Company.

**UNDERWRITER** means DJ Carmichael Pty Limited (ABN 26 003 058 857) Member Corporation of Australian Stock Exchange Limited.

**UNDERWRITING AGREEMENT** means the underwriting agreement entered into by the Company and the Underwriter dated 20 February 2002.

**UNDERWRITTEN SHARES** means 30,000,000 Shares at an issue price of \$0.20 each.

**VENDOR OPTION** means an Option in the capital of the Company issued to the vendor of mineral properties to the Company, such Options to be held in escrow as determined by ASX.

**VENDOR SHARE** means an ordinary Share in the capital of the Company issued to the vendor of mineral properties to the Company, such Shares to be held in escrow as determined by ASX.

**WMC** means WMC Limited.

**WST** means Western Australian Standard Time.

**AVOCA**  
**APPLICATION FORM**  
(Accompanying the Prospectus dated 20 February 2002)

**A I/We apply for**

ORDINARY SHARES IN AVOCA RESOURCES LIMITED  
AT **\$0.20 PER SHARE** (minimum 10,000 Shares and  
then in multiples of 1,000 Shares)

**Broker's Stamp**

**B I/We lodge full Application Monies of**

\$

**Broker's Code** **Adviser's Code**

**C Full Name (PLEASE PRINT)**

TITLE, GIVEN NAME(S) (NO INITIALS) OR COMPANY NAME

SURNAME / ACN / ABN

JOINT APPLICANT #2 OR DESIGNATED ACCOUNT EG <SUPER FUND A/C>

JOINT APPLICANT #3 OR DESIGNATED ACCOUNT EG <SUPER FUND A/C>

**D Postal Address (PLEASE PRINT)**

STREET NUMBER, STREET

  

SUBURB / TOWN

STATE

POST CODE

**E Contact Name**

TELEPHONE NUMBER - BUSINESS HOURS

 (  ) 

EMAIL

TELEPHONE NUMBER - AFTER HOURS

 (  ) 

**F CHESS HIN (if applicable)**

**G Tax File Number or Exemption**

**Applicant #2**

**Applicant #3**

**H Cheque Details**

All cheques should be made payable to "Avoca Resources Limited Share Offer Account" and crossed "Not Negotiable"

DRAWER

BANK

BSB

ACCOUNT NUMBER

AMOUNT OF CHEQUE

**I Declarations**

This Application Form does not need to be signed. By lodging this Application Form and a cheque for the application monies this Applicant hereby:

- (1) declares that I/we have received personally a copy of this Prospectus accompanied by or attached to this Application Form or a copy of the Application Form or a direct derivative of the Application Form before applying for Shares;
- (2) applies for the number of Shares in this Application Form;
- (3) agrees to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company; and
- (4) authorises the Directors to complete or amend this Application Form where necessary to correct any errors or omissions.

AVOCA RESOURCES LIMITED  
INSTRUCTIONS TO APPLICANTS

## A and B Application for Shares

To calculate application money due, multiply the number of Shares that have been applied for by \$0.20. Applications must be for a minimum of 10,000 Shares and in multiples of 1,000 Shares thereafter. Please forward the completed Application Form and cheque to D J Carmichael Pty Limited:

<u>By post to:</u>	<u>or</u>	<u>In person at:</u>
Avoca Resources Limited C/o D J Carmichael Pty Limited PO Box Z 5186 PERTH WA 6831		Avoca Resources Limited C/o D J Carmichael Pty Limited Level 11, Allendale Square 77 St George's Terrace, PERTH WA 6000 Telephone: (08) 9 263 5200

Applications must be received by the Closing Date.

## C Name of Applicant

Write the Applicants FULL NAME in Box C. This must be either an individuals name or the name of a company. If a company please also include its ACN/ABN. Please refer to the bottom of this page for the correct form of registrable title. Applicants using the incorrect form of name may be rejected.

If an 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 an Application Form, and how to construe, amend or complete it, shall be final. An 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 for the application monies referred to in Box B.

## Joint Applicants and/or Account Designations

If **JOINT APPLICANTS** are applying or an **ACCOUNT DESIGNATION** is required, complete Box C. Please refer to the bottom of this page for instructions on the correct form of registrable title. Up to three joint Applicants may register.

## D Address

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

## E 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 Application Form.

## F CHESS Details

If you are sponsored in CHESS by a stockbroker or other CHESS Participant enter your Holder Identification Number ("HIN").

## G Tax File Number or Exemption

An Applicant is not obliged to quote his or her Tax File Number ("TFN"). However, in cases where no TFN is quoted, the Company must deduct tax from any dividends payable (to the extent that they are not franked) at the top personal marginal tax rate plus the Medicare levy.

## H Payment Details

Payment must be made in Australian currency by cheque or bank cheque drawn on an Australian bank. The amount of the cheque should agree with the amount shown in Box B of the Application Form. Cheques are to be made payable to "**Avoca Resources Limited Share Offer Account**" and should be crossed "Not Negotiable". Cash should not be forwarded. Similarly payment made direct to the Company's bank account may not be accepted.

## I Declarations

By completing the Application Form, the Applicant will be taken to have made to the Company the declarations and statements therein. The Application Form does not need to be signed.

## CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. 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. Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

<u>TYPE OF INVESTOR</u>	<u>CORRECT FORM OF REGISTRABLE TITLE</u>	<u>INCORRECT FORM OF REGISTRABLE TITLE</u>
Trusts	Mr John David Smith <John David Smith Account>	John Smith Family Trust
Deceased Estates	Mr John David Smith <Est Michael Peter Smith Account>	Michael Peter Smith (Deceased)
Partnerships	Mr John David Smith and Mr Michael Peter Smith <John Smith and Son Account>	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <ABC Tennis Association Account>	Smith Investment Club or ABC Tennis Association
Superannuation Funds	John Smith Pty Ltd <Super Fund Account>	John Smith Superannuation Fund

