



ASHBURTON MINERALS LTD
ASX: ABL

9 March 2004

The Manager
Company Announcements Office
Australian Stock Exchange Limited
20 Bond Street
SYDNEY NSW 2000

Via Electronic Announcement

- **PROSPECTUS - PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE**

Please find attached a Prospectus for the Pro-Rata Non-Renounceable Rights Issue of up to 12,132,422 Options.

Yours faithfully,

Tom Dukovic
Managing Director



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Ashburton Minerals Ltd

ACN 008 894 442

PROSPECTUS

For the pro rata non-renounceable rights issue to shareholders of up to 12,132,422 Options at an issue price of 2 cents each on the basis of one Option for every 6 Shares held on the Record Date, with each Option having an exercise price of 32 cents expiring on 31 March 2007, to raise up to \$242,648.

The Rights Issue closes at 5.00 pm WST on 14 April 2004.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

The Securities offered by this Prospectus are considered to be of a speculative nature.

CORPORATE DIRECTORY

DIRECTORS

Rick Crabb (Non-Executive Chairman)
Tom Dukovic (Managing Director)
Rodney Dunn (Executive Director)

COMPANY SECRETARY

Tom Melanko

REGISTERED AND PRINCIPAL OFFICE

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2 Richardson Street
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SOLICITORS

Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

SHARE REGISTRY

Security Transfer Registrars
770 Canning Highway
APPLECROSS, Western Australia 6153

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Important Notes And Statements

This Prospectus is dated 9 March 2004. A copy of this Prospectus was lodged with the Australian Securities & Investments Commission on 9 March 2004. Neither the Australian Securities & Investments Commission nor the Australian Stock Exchange Limited take any responsibility for the contents of this Prospectus.

No Options will be granted on the basis of this Prospectus later than 13 months after the date of Offer of this Prospectus. Options offered pursuant to this Prospectus will be offered on the terms and conditions set out in this Prospectus.

The Company will apply for Options offered pursuant to this Prospectus to be listed on Australian Stock Exchange Limited ("ASX").

An application for Options will only be accepted on the Entitlement and Acceptance Form accompanying this Prospectus.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

SUMMARY OF IMPORTANT DATES

Announcement of Rights Issue	24 February 2004
Prospectus Lodged at ASIC	9 March 2004
Record Date to Determine Entitlements	19 March 2004
Prospectus with Entitlement and Acceptance Form Despatched	22 March 2004
Closing Date for Acceptance and Receipt of Applications under the Rights Issue*	14 April 2004
Last day for despatch of holding statements*	23 April 2004

*These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice.

Key Definitions

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Section 5 of this Prospectus.

Section 1 DETAILS OF THE OFFER

1.1 Offer

This Prospectus invites Existing Shareholders to participate in a pro-rata non-renounceable Rights Issue of up to 12,132,422 Options on the basis of one Option for every six Shares held on the Record Date at an issue price of 2 cents per Option. Each Option will entitle the holder to subscribe for one Share at an exercise price of 32 cents per Share exercisable at any time on or before 31 March 2007 and otherwise on the terms and conditions set out in Section 4 of this Prospectus.

The Rights Issue will raise approximately \$242,648 (less expenses of the Rights Issue estimated to be \$6,000).

As at the date of this Prospectus, 67,324,508 Shares are on issue. Existing holders of Options to acquire Shares will not be entitled to participate in the Rights Issue, however, they may exercise their Options prior to the Record Date if they wish to participate in the Rights Issue.

1.2 Opening and Closing Dates

The Offer will open for receipt of acceptances at 9.00am WST on 19 March 2004 and will close at 5.00pm WST on 14 April 2004, or such later date not exceeding the Expiry Date (being 13 months from the date of this Prospectus) as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 5 Business Days prior to the Closing Date.

1.3 No Rights Trading

Entitlements to Options pursuant to the Rights Issue are non-renounceable and accordingly are not able to be traded on ASX.

1.4 Entitlements and Acceptance

Existing Shareholders may not dispose of or trade any part of their Entitlement.

In determining entitlements, any fractional entitlement will be rounded up to the nearest whole number.

Acceptance of Entitlement in Full

If you wish to take up **all** of your Entitlement under the Rights Issue, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form. Applications must not exceed your Entitlement as shown on the Entitlement and Acceptance Form. Applications exceeding your Entitlement will be deemed to be for your maximum Entitlement and any surplus subscription funds will be returned, without interest. Please ensure the completed Entitlement and Acceptance Form, together with your cheque, is received by the Company's Share Registry:

Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

not later than 5.00pm WST on 14 April 2004 or such later date as the Directors advise. Cheques should be made payable to "**Ashburton Minerals Ltd – Trust Account**" and crossed "Not Negotiable".

Partial Acceptance of Entitlement

If you wish to take up **part** of your Entitlement pursuant to the Rights Issue, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form and insert the number of Options for which you wish to accept the Offer (being less than your Entitlement as specified on the Entitlement and Acceptance Form). Please ensure the completed Entitlement and Acceptance Form and your cheque is received by the Company at:

Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

not later than 5.00pm WST on 14 April 2004 or such later date as the Directors advise. Cheques should be made payable to "**Ashburton Minerals Ltd – Trust Account**" and crossed "Not Negotiable".

Non-Acceptance of Entitlement

If you do not wish to take up any part of your Entitlement under the Rights Issue, you are not required to take any action. If you decide not to accept all or part of your Entitlement, the Options not accepted will form part of the Shortfall. Accordingly, in the case of non-acceptance of your Entitlement, your Entitlement to subscribe for Options under the Rights Issue will be dealt with in accordance with Section 1.5 of this Prospectus.

Enquiries

If you have any queries regarding your Entitlement, please contact either the Share Registry by telephone on (08) 9315 0933, your stockbroker or professional adviser or the Company by telephone on (08) 9321 6600.

1.5 Shortfall

If you decide not to accept all or part of your Entitlement pursuant to the Rights Issue, the Options not accepted will form the Shortfall and the Directors reserve the right to grant such Options at their absolute discretion within 3 months from the Closing Date.

If you wish to participate in any Shortfall that may arise under the Rights Issue, you should complete the Shortfall Application Form attached to this Prospectus.

In both instances, ensure the completed Shortfall Application Form and your cheque is received by the Company at:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

PO Box 535
APPLECROSS WA 6953

not later than 5.00pm WST on 14 April 2004 or such later date as the Directors advise. Cheques should be made payable to "**Ashburton Minerals Ltd – Trust Account**" and crossed "Not Negotiable".

Directors cannot guarantee that any application to participate in the Shortfall will be filled. In the event the request cannot be filled (whether in whole or in part) monies in relation to the Options not allocated will be refunded in full (without interest accruing) within 21 days of notification of the Shortfall by the Company to ASX.

1.6 **Allotments**

The Options are expected to be issued and allotted by no later than 23 April 2004. Until the granting of the Options under this Prospectus, the acceptance money will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the acceptance money will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the Options takes place.

1.7 **Minimum Subscription**

There is no level of minimum subscription for the Rights Issue.

1.8 **Brokerage and Commission**

The Company may pay a fee of up to 4% (plus GST) of the amount subscribed (and accepted by the Company) to any holders of dealers licences in respect of Shortfall Application Forms bearing the stamp of such dealers.

No brokerage or stamp duty will be payable by investors.

1.9 **ASX Listing**

The Company will make application for admission of the Options offered by this Prospectus to quotation on the ASX.

If the Options are not admitted to quotation within three months after the date of this Prospectus, the Company will not allot or issue any Options, and will repay all Application monies without interest and within the time prescribed by the Corporations Act.

The ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant quotation of the Options is not to be taken in any way as an indication of the merits of the Company, or the Options offered pursuant to this Prospectus.

1.10 No Offer of Shares after 13 months

No Options will be granted on the basis of this Prospectus later than 13 months after the date of this Prospectus.

1.11 Overseas Investors

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

The Company is of the view that it is unreasonable to make an offer under this Prospectus to shareholders outside of Australia and New Zealand having regard to:

- (a) the number of shareholders outside of Australia and New Zealand;
- (b) the number and value of the securities to be offered to shareholders outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to make offers under the Prospectus to shareholders outside of Australia and New Zealand.

1.12 Market Prices of Shares on ASX

The highest and lowest closing market sale prices of Shares on ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were a low of 15.5 cents on 9 December 2003 and a high of 36.5 cents on 16 January 2004. The latest available market sale price of Shares on ASX immediately before the date of Offer of this Prospectus was 29 cents on 8 March 2004.

1.13 Purpose of Rights Issue

The purpose of the Rights Issue is to raise funds for the following:

- (a) costs associated with the further development of the Drummond Basin Assets as previously announced; and
- (b) working capital.

1.14 Use of Funds

The application of funds raised from the Offer is summarised below depending on the amount raised from this Rights Issue:

Description	Use of Funds
Approximate amount of funds to be raised under the Offer	\$242,648
Development of Drummond Basin Assets and Working Capital	\$236,648
Costs of this Rights Issue ^{Note 1}	\$6,000
TOTAL	\$242,648

Note 1: This figure comprises adviser's fees, printing and distribution costs and other miscellaneous expenses.

After the costs of the Rights Issue are paid, all funds raised under the Rights Issue up to the maximum amount to be raised under this Rights Issue will be used on the development of the Drummond Basin Assets.

Section 2 EFFECT OF THE RIGHTS ISSUE ON THE COMPANY

2.1 Principal Effects

The principal effect on the Company of the Rights Issue is dependent on the success of the Rights Issue. Assuming all Existing Options are exercised and the Rights Issue is fully subscribed the principal effects are as follows:

- (a) The Company will grant up to 12,132,422 Options.
- (b) Following the granting of the Options, the cash reserves of the Company will increase by approximately \$242,648 (less expenses of the Rights Issue) which are estimated to be \$6,000.
- (c) If all the Options to be granted are ultimately exercised the number of Shares and Options on issue will increase from 72,794,532 to approximately 84,926,954. The Company will receive 32 cents for each Option exercised and assuming all Options are exercised this will raise approximately \$3,882,375.
- (d) The equity of existing shareholders of the Company will be diluted to the extent of the Rights Issue as is evident from the figures set out in this section.

2.2 Statement of Financial Position and Capital Structure

Set out as follows is an unaudited Statement of Financial Position of the Company as at 31 December 2003 and the proposed capital structure of the Company after the Rights Issue:

Pro-forma Statement of Unaudited Financial Position Reflecting Proposed Rights Issue

	Unaudited 31 December 2003 (\$)
CURRENT ASSETS	
Cash	4,366,778
Receivables	68,292
Other Financial Assets	2,000
TOTAL CURRENT ASSETS	4,437,070

	Unaudited 31 December 2003 (\$)
NON CURRENT ASSETS	
Investments & Other Financial Assets	2
Property, Plant & Equipment	1,097,715
Exploration Tenements	3,604,212
TOTAL NON-CURRENT ASSETS	4,701,929
TOTAL ASSETS	9,138,999
CURRENT LIABILITIES	
Payables	67,489
TOTAL CURRENT LIABILITIES	67,489
NON-CURRENT LIABILITIES	
Provisions	2,600,000
TOTAL NON-CURRENT LIABILITIES	2,600,000
TOTAL LIABILITIES	2,667,489
NET ASSETS	6,471,510
SHAREHOLDERS' EQUITY	
Share Capital	20,015,435
Reserves	468,059
Accumulated Losses	(14,011,984)
TOTAL SHAREHOLDERS' EQUITY	6,471,510

Capital Structure of the Company

The pro-forma capital structure of the Company following the Rights Issue pursuant to this Prospectus is set out below:

Issued Capital	Number
Existing Ordinary Shares	67,324,508
Existing Options	5,470,024
Existing Issued Capital (fully diluted)	72,794,532
Options to be offered pursuant to this Prospectus (assuming all Existing Options are exercised)	12,132,422
Existing Issued Capital after this Rights Issue (fully diluted) (Assuming all Existing Options are exercised)	84,926,954

Section 3 RISK FACTORS

The Options offered under this Prospectus are considered speculative. The Directors strongly recommend investors examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus. In addition, investors should be aware there are risks associated with investment in the Company. There are certain general risks and certain specific risks which relate directly to the Company's business and are largely beyond the control of the Company and its directors because of the nature of the business of the Company.

The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of:

- **Share Market Conditions**

As Ashburton is a company listed on ASX, its Share price is subject to the numerous influences which may affect both the trend in the share market and the share prices of individual companies.

- **Economic Conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as currency fluctuation, inflation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices, including gold and diamond prices, and share market prices. The Company's future possible revenue and share price can be affected by these factors all of which are beyond the control of the Company and the Directors. In addition, the Company's ability to raise additional capital, should it be required, may be affected.

- **Operational Risk**

By its nature, the business of exploration, mineral development and production which the Directors intend the Company to undertake, contains risks. Prosperity depends on the successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and efficient financial management. For its part, exploration is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

- **Native Title**

The Native Title Act 1993 (Commonwealth) may affect the Company's ability to gain access to prospective exploration areas or obtain production titles. Compensatory obligations may be necessary in settling native title claims lodged over the Company's and its subsidiaries' tenements.

- **Environmental Risks**

Exploration programmes and past mining activities in the Drummond Basin have an impact on the environment. These impacts are minimised by timely management and the Company's application of best practice principles.

- **Government Policy**

Industry profitability can be affected by changes in government policy relating to mineral exploration and production which are beyond the control of the Company.

- **Commodity Prices**

The prices that the Company may obtain for gold produced may fluctuate due to market conditions.

- **No Profit to Date**

The Company intends to continue investing in mineral/mining projects. The Directors expect to incur further losses in the foreseeable future. There can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

- **Lack of Revenues and Dividends**

Since its date of incorporation, the Company has accumulated losses and such losses may increase as it continues to develop. The Company has never paid a dividend and does not anticipate paying any dividends in the immediate future.

- **Scale-Up Risk**

There is always a scale-up risk in proceeding from testwork to a commercial scale plant.

- **General**

When compared with many industrial and commercial operations, mining and mineral processing projects are relatively high risk. This is particularly so where new technologies are employed.

Each orebody is unique. The nature of the mineralisation, the occurrence and grade of the ore, as well as its behaviour during mining and processing can never be wholly predicted. Estimations of the tonnes, grade and overall mineral content of a deposit are not precise calculations, but are based on interpretation and on samples from drilling which, even at close drill hole spacing, represent a very small sample of the entire orebody. Reconciliation of past production and reserves, where available can confirm the reasonableness of past estimates, but cannot categorically confirm the accuracy of future projections.

The applications of metallurgical testwork results and conclusions to the process design, recoveries and throughput depend on the accuracy of the testwork and the assumption that the sample tests are representative of the orebody as a whole. There is a risk associated with the scale-up of laboratory and pilot plant results to a commercial scale and with the subsequent design and construction of any plant.

Mining project revenues are subject to variations in metal prices and exchange rates. Annual price variations can be significant and future trends and timing are difficult to predict with accuracy.

- **Speculative Nature of Investment**

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

Section 4 ADDITIONAL INFORMATION

4.1 Legal Framework of this Prospectus

Ashburton is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, Ashburton is subject to the Listing Rules of ASX which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its shares.

4.2 Applicability of Corporations Act

As a "disclosing entity", Ashburton has offered this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are quoted enhanced disclosure ("**ED**") securities and the securities are in a class of securities that were quoted ED securities or Options to acquire continuously quoted securities at all times in the 12 months before the date of this Prospectus.

Having taken such precautions and having made such enquiries as are reasonable, Ashburton has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require Ashburton to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the date of this Prospectus.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

The Shares underlying the Options to be issued under this Prospectus are in a class of shares that were quoted on the stock market of ASX at all times in the 12 months before the issue of this Prospectus.

4.3 Information Available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the Annual Financial Report for Ashburton for the period ending 30 June 2003;
- (b) the half yearly report for Ashburton for the period ending 31 December 2003; and
- (c) the following documents used to notify ASX of information relating to Ashburton during the period after lodgement of the Annual Financial Report of Ashburton for the period ending 30 June 2003 and before the issue of this Prospectus:

Description of ASX Announcement	Date
Annual Report	27/11/2003
Full year accounts	30/09/2003
Loyalty Options Prospectus and East Kimberley Nickel Prospectus	08/10/2003
Drummond Basis Project – Update	29/10/2003
First Quarter Activities & Cashflow Report	30/10/2003
Trading Halt	17/11/2003
Response to ASX Query re: Price & Volume	17/11/2003
Listing on Frankfurt Stock Exchange	17/11/2003
Updated Top 20 shareholders	20/11/2003
Results of AGM	28/11/2003
Expands East Kimberley Holdings	05/12/2003
Appendix 3 B Share Purchase Plan	09/12/2003
Disclosure Document dated 17 July 2003 – Share Allotment	11/12/2003
Placement to Drive Nickel Exploration	17/12/2003
Appendix 3B – Exercise of June 2006	24/12/2003
Response to Stock Exchange Share Price Query	29/12/2003
Appendix 3B – Exercise of Options	29/12/2003
Appendix 3B – Exercise of 12c of 30/06/2006	31/12/2003
Becoming a substantial holder from MBL	05/01/2004
Appendix 3B – Working Capital/Exercise of Options	09/01/2004
Ceasing to be a substantial holder from MBL	13/01/2004
Appendix 3B – Exercise of 30 June 2006 Options	13/01/2004
Listing on Munich & Berlin Stock Exchanges	15/01/2004
Change of Director's Interest Notice	16/01/2004
Appendix 3B – Exercise of 30 June 2006 Options	27/01/2004
Second Quarter Activities & Cashflow Report	02/02/2004
Appendix 3B – Exercise of 30 June 2006 Options	04/02/2004

Half Year Accounts	20/02/2004
Amherst Project East Kimberley WA	23/02/2004
Rights Option Issue Prospectus	24/02/2004
Change in Company Secretary	02/03/2004
Wirralie Mines P/L Option/IV Agreement with Straits Res. Ltd	04/03/2004
Appendix 3B – Exercise of 30 June 2006 Options	05/03/2004

4.4 Rights Attaching to Options

Each Option will entitle the holder to apply for and be allotted one Share on the following terms and conditions:

Following are the material terms of the Options to be issued to Shareholders:

- (a) Definitions:
- (i) **Exercise Price** means the exercise price of each Option, being 32 cents.
 - (ii) **Expiry Date** means 5.00pm (WST) on 31 March 2007.
 - (iii) **Exercise Date** means the Expiry Date or, if applicable, the Underwritten Expiry Date.
 - (iv) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising Options.
 - (v) **Option Holder** means the person or persons registered as the holder of one or more Options from time to time.
 - (vi) **Option Underwriter** means any person or persons (other than the Company) that is party to an Option Underwriting Agreement.
 - (vii) **Option Underwriting Agreement** means all agreements made prior to the Expiry Date between the Company and an Option Underwriter whereby the Option Underwriter agrees to exercise the Underwritten Options prior to the Underwritten Expiry Date.
 - (viii) **Share** means one fully paid ordinary share in the capital of the Company.
 - (ix) **Underwritten Expiry Date** means, if the Company has entered into an Option Underwriting Agreement, 5.00pm (WST) 14 days after the Expiry Date.
 - (x) **Underwritten Options** means that number of Unexercised Options the subject of an Option Underwriting Agreement.

- (xi) **Unexercised Option Holder** means any Option Holder registered as the holder of Unexercised Options.
- (xii) **Unexercised Options** means all Options not exercised on or before the Expiry Date.
- (b) Each Option carries the right to subscribe for one Share.
- (c) Options may be exercised by delivering to the Company's registered office or the Company's share registry an Exercise Notice at any time prior to the Exercise Date.
- (d) The Exercise Notice must state the number of Options to be exercised and be accompanied by the relevant holding statement(s) and a cheque (in Australian currency) made payable to the Company for an amount being the result of the Exercise Price multiplied by the number of Options being exercised.
- (e) If the Company has entered into an Option Underwriting Agreement, then at the Expiry Date all Unexercised Option Holders immediately, unconditionally and irrevocably appoint the Company as his, her or its agent to transfer all Unexercised Options the subject of an Option Underwriting Agreement to the Option Underwriter and the Option Underwriter is entitled to exercise the Options prior to the Underwritten Expiry Date.
- (f) Following receipt of a properly executed Exercise Notice and application monies in respect of the exercise of any Options, the Company will issue the resultant Shares and deliver notification of shareholdings.
- (g) The Company will make application to have the Options and the Shares (issued pursuant to an exercise of Options) listed for quotation by ASX within 7 days of the date of issue.
- (h) Shares issued pursuant of an exercise of Options shall rank, from the date of issue, *pari passu* with existing Shares in all respects.
- (i) Options carry no right to participate in pro rata issue of securities to shareholders unless the Options are exercised before the record date for determining entitlements to the relevant pro rata issue of securities to shareholders in accordance with the Listing Rules.
- (j) Subject to the Corporations Act 2001 and ASX Listing Rules, Options do not confer the right to a change in exercise price.
- (k) In the event of a re-organisation (including re-construction, consolidation, subdivision, reduction or return) of the capital of the Company, the terms of the Options will be changed to the extent necessary to comply with the requirements of the ASX Listing Rules (in force at the time of the re-organisation).

4.5 **Rights Attaching to Shares**

A summary of the rights attaching to the Shares underlying the Options is set out below. The Shares issued on exercise of the Options will rank equally in all respects with

existing Shares in the Company. Full details of the rights attaching to the Company's Shares are set out in its Constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the rights which attach to the Company's existing Shares:

Voting Rights: At a general meeting every ordinary shareholder present in person or by proxy attorney or representative has one vote on a show of hands and one vote per share on a poll.

Dividend Rights: The Directors may from time to time declare a dividend to be paid out of the profits of the Company in respect of all Shares in accordance with the Corporations Act.

Rights on Winding Up: If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders subject to any right or restrictions for the time being attached to any class or classes of shares (at present there are none), at meetings of the shareholders.

Transfer of Shares: Generally, ordinary Shares in the Company are freely transferable. The Directors must decline to register any transfer where the Listing Rules require the Company to do so.

Variation of rights: Option holders who exercise Options will be issued with fully paid ordinary Shares in the Company. At present, the Company only has fully paid ordinary Shares on issue. The rights and privileges attaching to ordinary Shares could be altered by special resolution of the shareholders. A special resolution is a resolution passed by a majority of not less than 75% of those present and voting.

4.6 **Taxation Implications for Investors**

The acquisition of Options will have tax implications, which may differ depending upon the financial position of each investor. All potential investors in the company should therefore obtain their own professional tax advice regarding the tax implications of the acquisition of Options.

The Company, its officers and advisers do not accept any responsibility or liability with respect to the taxation consequences of subscribing for Options pursuant to this Prospectus.

4.7 Interest of Directors

- (a) At the date of this Prospectus the relevant interest of each of the Directors in the Shares and Options of the Company are as follows:

<i>Director</i>	<i>Associates</i>	<i>No of Shares</i>	<i>No of Options</i>
R W Crabb	InterMax Trust and Carol Crabb	107,168	120,000
T P Dukovic	Tenacity Resources Pty Ltd	596,126	150,000
R J Dunn	Red Peaks Pty Ltd, Titanic Holdings Pty Ltd and Sharon Dunn.	3,504,391	283,334

Notes:

1. R W Crabb is a trustee and beneficiary of the InterMax Trust.
2. T P Dukovic is a director and 50% shareholder of Tenacity Resources Pty Ltd.
3. R J Dunn is a director and majority shareholder of both Red Peaks Pty Ltd and Titanic Holdings Pty Ltd.

- (b) Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of Ashburton or the Rights Issue.

Rick Crabb is a partner of law firm Blakiston & Crabb. Blakiston & Crabb are the Company's solicitors. Blakiston & Crabb have acted as solicitors to the Company in relation to this Prospectus. In respect of their work on this Prospectus, the Company will pay approximately \$2,000 (plus GST) for these professional services. Blakiston & Crabb have provided other professional services to the Company during the last two years and have received \$33,159 (excluding GST) from the Company during the last two years for these services.

- (c) The provisions of the Company's Constitution relating to the remuneration of Directors are as follows

Article 13.8: The Directors shall be paid out of the funds of the Company by way of remuneration for their services as Directors such sum as may from time to time be determined by the Company in general meeting, to be divided among the Directors in such proportions as they shall from time to time agree or in default of agreement equally. The remuneration of the Directors shall not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the suggested increase shall have been given to Shareholders in the notice convening the meeting. Fees payable to non-Executive Directors shall be by a fixed sum and not by a commission on or percentage of profits or operating revenue. Remuneration payable to Executive Directors shall not include a commission on or percentage of operating revenue. The remuneration of a Director shall be deemed to accrue from day to day.

Article 13.9: The Directors shall be entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. If any of the Directors being willing shall be called upon to perform extra services or make any special exertions on behalf of the Company or the business of the Company, the Directors may remunerate such Director in accordance with such services or exertions, and *such* remuneration may be either in addition to or in substitution for his Share in the remuneration provided for by Article 13.8.

Article 17.2: The Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in a particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine provided that no Executive Director shall be paid as the whole or part of his remuneration a commission on or percentage of operating revenue.

- (d) The Company has agreed to pay Directors' fees of up to a maximum of \$100,000 per annum to be divided between non executive Directors as they see fit, until such time as any different amount is approved by shareholders.

4.8 **Interests of Named Persons**

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

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or Rights Issue; or
- the Rights Issue.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any expert, promoter or any

other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Rights Issue.

Blakiston & Crabb have acted as solicitors to the Company in relation to this Prospectus. In respect of their work on this Prospectus, the Company will pay approximately \$2,000 (plus GST) for these professional services. Blakiston & Crabb have provided other professional services to the Company during the last two years and have received \$33,159 (excluding GST) from the Company during the last two years for these services.

4.9 **Expenses of the Offer**

The approximate expenses of the Offer are \$6,000 comprising:

(a)	Legal Fees	\$2,000
(b)	ASIC Lodgement Fees	\$2,010
(c)	Other expenses	\$1,990

These expenses are payable by the Company.

4.10 **Consents**

Each of the parties referred to in this Section 4.10:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 4.10; 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 this Prospectus with the consent of that party as specified in this Section 4.10.

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

- (a) Blakiston & Crabb as the solicitors to the Company; and
- (b) Security Transfer Registrars Pty Ltd as share registry of the Company.

Section 5 **DEFINED TERMS**

"**ASIC**" means the Australian Securities & Investments Commission;

"**ASX**" means Australian Stock Exchange Limited;

"**Closing Date**" means the date by which this Offer will close being 14 April 2004;

"**Company**" and "**Ashburton**" means Ashburton Minerals Ltd, ACN 008 894 442;

"**Directors**" means the directors of the Company;

"**Entitlement**" means the entitlement of an Existing Shareholder to apply for Options under the Offer;

"**Entitlement and Acceptance Form**" means the entitlement and acceptance form accompanying this Prospectus;

"**Existing Options**" means the following unlisted Options currently on issue being:

- (a) 466,668 Options exercisable at \$1.50 on or before 31 December 2005;
- (b) 466,668 Options exercisable at \$0.288 on or before 31 December 2005; and
- (c) 4,536,688 Options exercisable at \$0.12 on or before 31 June 2006.

"**Existing Shareholder(s)**" means those shareholders of the Company whose details appear on the Company's register of shareholders as at the Record Date;

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

"**Offers**" means the granting of Options pursuant to this Prospectus;

"**Option**" means an option to acquire one Share to be offered pursuant to this Prospectus on the terms and conditions set out in Section 4.4 of this Prospectus;

"**Prospectus**" means this prospectus dated 9 March 2004;

"**Record Date**" means 5pm WST on 19 March 2004;

"**Rights Issue**" means the issue pursuant to this Prospectus of up to 12,132,422 Options at an offer price of 2 cents, each Option being exercisable at 32 cents each on or before 31 March 2007, on the basis of one Option for every six Shares held on the Record Date to raise up to \$242,648;

"**Securities**" means Shares and Options;

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

"**Shortfall**" means the Options forming Entitlements, or parts of Entitlements, not accepted by Existing Shareholders;

"Shortfall Application Form" means the shortfall application form accompanying this Prospectus; and

"WST" means Western Standard Time.

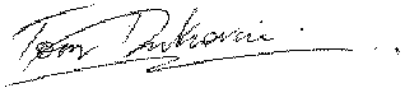
Section 6 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT

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

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

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

Dated: 9 March 2004

A handwritten signature in black ink, appearing to read "Tom Dukovic", is written over a horizontal line.

Tom Dukovic
Managing Director

ASHBURTON MINERALS LTD

ACN 008 894 442

ENTITLEMENT AND ACCEPTANCE FORM

This document is important. If you are in doubt as to how to deal with it, please contact your sharebroker, accountant or other professional adviser.

Registered Office:

Suite 3
2 Richardson Street
WEST PERTH WA 6005
Telephone : 9321 6600
Facsimile : 9321 6633

Share Registry:

770 Canning Highway
APPLECROSS

Holder Number:

Entitlement No:

Sub-Register:

Shareholding at
5.00pm WST
on 19 March 2004

Entitlement to Options
one for every six Shares held on
19 March 2004

Amount payable on acceptance
@ 2 cents per Option

AN OFFER OF ONE OPTION FOR EVERY SIX EXISTING SHARES HELD ON 19 MARCH 2004.

To the Directors
Ashburton Minerals Ltd

- (1) I/We the above named being registered on 19 March 2004 (at 5.00pm WST) as the shareholder(s) in the Company, hereby accept the undermentioned Options under the Prospectus accompanying this form:

TO BE COMPLETED BY SHAREHOLDER	NUMBER OF OPTIONS ACCEPTED AT 2 CENTS PER OPTION	AMOUNT ENCLOSED \$
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- (2) I/We enclose my/our cheque for the amount shown being payment at the rate of 2 cents per Option applied for.
- (3) I/We hereby authorise you to place my/our name(s) on the register of option holders in respect of the number of Options allotted to me/us.
- (4) I/We agree to be bound by the Constitution of the Company.
- (5) My/our contact numbers in case of enquiry are:

Telephone: () Facsimile: ()

THIS FORM DOES NOT REQUIRE SIGNATURE UNLESS YOU WISH TO CHANGE YOUR ADDRESS
Please complete ONLY if your ISSUER SPONSORED address is INCORRECT

NEW ADDRESS (CHESS HOLDERS CAN ONLY AMEND THEIR ADDRESS BY ADVISING THEIR SPONSORING BROKER)
(Block Letters Please)

SIGNATURE/S:

**NOTE: RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE
YOUR ACCEPTANCE OF THE SECURITIES BEING OFFERED.
PLEASE READ THE LODGEMENT INSTRUCTIONS OVERLEAF.
This acceptance form with payment in full must be lodged with the Share Registry
by no later than 5:00 pm WST on 14 April 2004.**

LODGEMENT INSTRUCTIONS

ASHBURTON MINERALS LTD

ACN 008 894 442

ENTITLEMENT OFFER CLOSING

AT 5.00PM WST ON 14 APRIL 2004

REPRESENTATION AND ACCEPTANCE

Before completing this Entitlement and Acceptance Form, applicants should read the Prospectus to which it relates.

1. Acceptance in Full or in Part

If you are accepting your Entitlement in full or in part please:

- (a) Complete the form overleaf. If the form is not completed properly you will be treated as having applied for the number of Options covered by your remittance.
- (b) Forward it together with your remittance for application money at 2 cents per Option subscribed for so as to reach:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

PO Box 535
APPLECROSS WA 6953

by 5:00 pm WST on 14 April 2004.

A return addressed envelope is provided.

2. General Instructions

Only cheques and/or bank drafts in Australian currency and drawn or payable on a bank within Australia should be sent, made payable to "*Ashburton Minerals – Trust Account*" and crossed "*Not Negotiable*".

Receipts for payment will not be forwarded.

Overseas shareholders are advised to ensure that their documents are sent by express courier only. Personal cheques must be drawn from Australian Banks in Australian currency only. Personal cheques drawn on overseas banks in Australian or in a foreign currency will not be accepted. These will be returned and the application deemed invalid. Similarly, payments made direct to the Company's bank account will not be accepted.

3. Enquiries

Any enquiries about your Entitlement should be directed to:

Suite 3
2 Richardson Street
WEST PERTH Western Australia 6005

**ASHBURTON MINERALS LTD
ACN 008 894 442**

SHORTFALL APPLICATION FORM

**To: The Directors
Ashburton Minerals Ltd ACN 008 894 442**

This Application Form relates to the Offer of up to 12,132,422 Options on the basis of one Option for every six existing Shares held on the Record Date at an issue price of two cents each, exercisable at 32 cents each on or before 31 March 2007.

Before lodging this Application Form, applicants should read the Prospectus to which this Application Form relates. Applications should be completed in accordance with the application instructions contained on the back of this Application Form.

I/We apply forOptions.

Complete full name:

(Applicant)
(Mr/Mrs/Miss/Ms or Company Name) (given name(s)) (surname)

(Joint Applicant)
.....
(Mr/Mrs/Miss/Ms) (given name(s)) (surname)

Address Details:

.....
(number and street)
.....
(suburb or city) (State) (post code)

Telephone Details:

.....
STD () (Home) STD () (Business) (contact name)

Broker Sponsored Applicants only:

S.B.N./I.P.N. H.I.N.

Declaration and Statements:

By lodging this Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;
I/We agree to be bound by the Constitution of the Company; and
I/We authorise the Company to complete and execute any document necessary to effect the issue of Options to me/us.

(See application instructions overleaf)

SHORTFALL APPLICATION INSTRUCTIONS

IMPORTANT NOTE

This Application Form is for use only if you desire to participate in any shortfall of Options not taken up by Shareholders under the Offer.

Each applicant makes the following undertakings and acknowledgments:

This application is for Options in Ashburton Minerals Ltd upon and subject to the terms and conditions of the Prospectus.

Completed Application

Forms should be
Returned to:

Security Transfer Registrars
770 Canning Highway
APPLECROSS WA 6153

PO Box 535
APPLECROSS WA 6953

As required by the Corporations Act 2001, this Application Form must not be handed on to any person unless attached to this Prospectus. Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is an irregularity in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final.

Correct Forms of Registrable Title

Applications must be made in the name(s) of 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. Some examples of incorrect and correct forms of registrable title are:

Type of Investor	Correct Form	Sample of Incorrect Form
Trusts	Andrew Brown (do not use name of trust, use personal name of trustee)	(a) Andrew Brown trustee for Michael Brown (b) Andrew Brown Family Trust (c) Andrew Brown Trust Account (d) Andrew Brown No 1 Account
Deceased Estates	Terry Brown (do not use name of deceased, use executor(s) personal names)	(a) Michael Brown (deceased) (b) Estate of the Late Michael Brown
Partnerships	Andrew Brown & Michael Brown (do not use name of partnership use partners' personal names)	(a) Michael Brown & Son (b) Brown & Brown
Clubs/ Unincorporated Bodies	(a) Andrew Brown, or (b) Andrew Brown & Michael Brown (do not use name of clubs etc, use office bearer(s) personal name(s))	(a) Brown Investment Club (b) ABC Tennis Association
Superannuation Funds	(a) Michael Brown (do not use name of fund, use name of trustee of fund)	(a) Michael Brown Pty Limited Superannuation Fund