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SPENCER

RESOURCES LIMITED

PROSPECTUS

For the offer of 16,000,000 ordinary Shares at an offer price of 20 cents each to raise $3,200,000
with a minimum subscription of $2,500,000

SPONSORING BROKER
TAYLOR COLLISON LIMITED

Important Information

This Prospectus provides important information to assist prospective investors in deciding whether or not to invest in the Company. It should be read in its entirety. If you do not understand it, you should consult your professional advisers.

THE SHARES OFFERED UNDER THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

ASX Code SPA

ACN 148 162 092

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INDICATIVE TIMETABLE

Lodgement of this Prospectus with ASIC	6 October 2011
Opening Date of the Offer	14 October 2011
Expected Closing Date of the Offer	7 November 2011
Allotment of securities	16 November 2011
Dispatch of Holding Statements	21 November 2011
Expected date for Shares to commence trading on ASX	25 November 2011

The above dates are indicative only and may vary, subject to the requirements of the Listing Rules and the Corporations Act.

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Corporate Directory

Directors

David Paterson - Non-Executive Chairman
Benjamin Miels - Non-Executive Director
Jay Stephenson - Non-Executive Director

Company Secretary

Jay Stephenson

Registered and Principal Office

Level 4, 66 Kings Park Road
WEST PERTH WA 6005

Telephone: 08 6141-3500
Facsimile: 08 6141-3199

Website: www.spencerresources.com.au
Email: info@spencerresources.com.au

Sponsoring Broker

Taylor Collison Limited
Level 16, 211 Victoria Square
ADELAIDE SA 5000

Corporate Adviser

Wolfstar Group Pty Ltd
Level 4, 66 Kings Park Road
WEST PERTH WA 6005

Share Registrar

Computershare Investor Services Pty Ltd
GPO Box 1903
ADELAIDE SA 5001

Telephone: 1300 660 753 (within Australia)
Telephone: +61 3 9415 4336
Facsimile: +61 (0)8 8236 2305
Email: web.queries@computershare.com.au

Solicitors to the Company

O'Loughlins Lawyers
Level 2, 99 Frome Street
ADELAIDE SA 5000

Independent Geologist

Apex Geoscience Australia Pty Ltd
39B Kensington Street
EAST PERTH WA 6004

Investigating Accountant

Pendragon Capital Limited
283 Rokeby Road
SUBIACO WA 6008

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Important Information

This Prospectus is dated 6 October 2011 and was lodged with the Australian Securities and Investments Commission ("**ASIC**") on that date. Neither ASIC nor ASX Limited ("**ASX**") takes any responsibility for the contents of this Prospectus. No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The directors of and advisers to the Company do not guarantee the success of the Company, the repayment of capital, the payment of dividends or the price at which Shares will trade on ASX.

Electronic Prospectus

This Prospectus will be issued in paper form and as an electronic Prospectus which may be accessed on the internet at www.spencerresources.com.au. The Offer of Shares pursuant to the electronic Prospectus is only available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person passing onto another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus. During the Offer Period, any person may obtain a hard copy of this Prospectus by contacting the Company by email at info@spencerresources.com.au.

Foreign Jurisdictions

This Prospectus does not constitute an offer in any place in which, or to persons to whom, it would not be lawful to make an offer. 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 and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Website Address

The Prospectus can be downloaded from www.spencerresources.com.au.

Photographs and Diagrams

Items and undertakings depicted in photographs and diagrams in this Prospectus are not assets of the Company, unless otherwise stated. Diagrams appearing in this Prospectus are illustrative only and may not be drawn to scale.

Definitions

Throughout this Prospectus abbreviations and defined terms are used. Those relevant to mineral exploration are contained in the Glossary located in the Independent Geologist's Report in Section 4 of this Prospectus, and other abbreviations and legal terms are contained in the Definitions in Section 9 of this Prospectus. Defined terms are generally identified by the uppercase first letter.

Competent Persons Statement

The statements in this Prospectus that relate to Exploration Results are based on information compiled by Rob L'Heureux of Apex Geoscience Australia Pty Ltd (Apex), a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA). Rob L'Heureux has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rob L'Heureux consents to the inclusion in this Prospectus of these statements in form and the context in which they appear.

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Chairman's Letter

6 October 2011

Dear Investor

On behalf of the Directors of Spencer Resources Limited ("**Spencer Resources**" or "**the Company**"), it is my pleasure to introduce this Prospectus to you and invite you to become a shareholder of the Company.

This Prospectus has been issued by the Company for the purpose of the offer of 16,000,000 Shares at $0.20 per Share to raise $3,200,000 with a minimum subscription of $2,500,000.

The Company was incorporated on 11 January 2011 with the intention of becoming actively involved in exploration, development and investment in resource opportunities covering a suite of minerals. The Company has entered Tenement Purchase Agreements with ASX listed Carbine Tungsten Limited ("**Carbine**") [formerly named Icon Resources Limited ("**Icon**")] and Minotaur Operations Pty Limited ("**Minotaur**") (a wholly owned subsidiary of ASX listed Minotaur Exploration Limited) respectively. Subject to the satisfaction or waiver of the conditions precedent in the Tenement Purchase Agreements and completion of them, the Company will have a majority interest in five exploration tenements, one in south-east Queensland and four west of Port Augusta in South Australia. Further details of the Tenement Purchase Agreements are contained in Sections 7.1 and 7.2 of this Prospectus.

Under the Tenement Purchase Agreement with Carbine, the Company will acquire a 75% interest in EPM 17071 (Iron Pot Creek) located 21 kilometres southwest of Warwick and about 2.5 hours drive from Brisbane. The Company's focus is a porphyry copper / gold prospect called Crystal Mount.

Under the Tenement Purchase Agreement with Minotaur, the Company will acquire a 70% interest in EL 4776 (Mt Double) and an 80% interest in each of ELA 95/11(Yudnapinna), EL 4692 (Pandurra) and EL 4708 (Koolcutta), which are collectively called the Pandurra Block.

The Mt Double tenement is prospective for base metal occurrences like Menninnie Dam which is located approximately 75 kilometres to the east. Past exploration by the Shell Company of Australia Limited (Metals Division) and Aberfoyle Resources Limited has identified numerous prospective lead and zinc prospects including Paney and Tin Hut Well. Spencer Resources is encouraged by the very recent exploration success of Investigator Resources Limited ("**Investigator"**) in defining the Paris Silver Prospect within the broader Peterlumbo Project located 25 kilometres to the east of Mt Double.

The Pandurra Block is considered prospective for iron oxide copper gold accumulations ("**IOCG**") and lies at the centre of South Australia's very important IOCG Corridor that hosts Olympic Dam, Prominent Hill, Carrapateena to the northwest and Rex Minerals Limited's Hillside Project to the southeast. In addition the Company will be exploring for unconformity related uranium accumulations within the Pandurra Block and in particular the Cariewerloo Basin.

The Spencer Resources Board has the necessary background to ensure there is focus on sound exploration, development and acquisitions, building shareholder wealth in the process. Further details on each of the Company's directors is contained in the Investment Overview Section of this Prospectus.

The Company intends to retain a portion of the funds raised to enable acquisition of other prospective resources projects in Australia and possibly overseas.

This Prospectus contains detailed information about Spencer Resources and its exploration projects (subject to completion of the Tenement Purchase Agreements referred to above) and includes an Independent Geologist's Report. Please read this Prospectus carefully before you make a decision to invest and, where necessary, consult with your professional advisers.

Yours sincerely

DAVID PATERSON

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Investment Overview

IMPORTANT

The information in this Section is a summary of the key points only and is not intended to provide comprehensive details of the Offer. You should read the full text of this Prospectus and, if in any doubt, you should consult with your professional advisers before deciding whether to apply for Shares. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

THE COMPANY

The Company was incorporated on 11 January 2011 for the purpose of exploration, development and investment in resource projects and related opportunities.

THE PROJECTS

The Company has entered Tenement Purchase Agreements with ASX listed Carbine Tungsten Limited ("**Carbine**"), (previously called Icon Resources Limited ("**Icon**")) and Minotaur Operations Pty Limited ("**Minotaur**") (a wholly owned subsidiary of ASX listed Minotaur Exploration Limited) respectively. Subject to the satisfaction or waiver of the conditions precedent in the Tenement Purchase Agreements and completion of them, the Company will have a majority interest in five exploration tenements including one at re-application stage, one in south-east Queensland and four west of Port Augusta in South Australia.

THE OBJECTIVES

Initially the Company will operate its projects using professional contract geoscientists with expertise in both the location and prospective minerals sought. As projects develop and warrant, the Board will manage and expand its exploration teams to ensure efficient and timely exploration.

The Company's vision is to create shareholder value by identifying quality mineral exploration and development opportunities and applying appropriate modern and cost effective exploration techniques.

INVESTMENT HIGHLIGHTS

- Majority interest, ranging from 70 – 80%, in 4 exploration tenements and 1 application, subject to the satisfaction or waiver of the conditions precedent in the Tenement Purchase Agreements with Carbine and Minotaur and completion of them.
- Diverse commodity focus comprises base and precious metals (**copper, lead, zinc, silver, gold), molybdenum and uranium.**
- Queensland title (**Iron Pot Creek**) will likely be focus of first drilling by early 2012 targeting disseminated gold and copper within a strongly altered granitic intrusive.
- South Australian focus for additional title acquisition and exploration.
- **Pandurra Block** prospective for iron oxide copper gold accumulations ("IOCG") and uranium; located near the centre of **South Australia's recognised IOGC corridor** and is the focus of a detailed exploration initiative (Carieweloo Basin Unconformity Study) by the South Australian government's Geological Survey.
- **Mt Double** past exploration has identified numerous lead zinc prospects worthy of follow up using modern airborne and ground geophysics to identify drill targets.
- The Company's board has extensive experience and will focus on growth and building shareholder value.
- **Other opportunities in Australia and overseas will be actively pursued** via project generation, acquisition and / or joint venture.

KEY RISKS

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

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

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Set out below are the key risks which the Directors consider are associated with an investment in the Company. Further risks associated with an investment in the Company are outlined in Section 3 of this Prospectus:

- **Exploration**

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

- **Limited Operating Experience and Reliance on Key Personnel**

  While its Directors and management team have significant experience in the mining exploration industry, the Company has only very limited operating experience. If growth objectives are to be met, this will depend on the ability of the Directors and management to implement the current exploration strategies and to adapt, where necessary, to accommodate and manage any unforeseen difficulties. Initially, the Company will rely heavily on the experience of its existing management team and Directors. The loss of the services of certain personnel could have an adverse effect on the Company and its activities.

- **Resource Estimations**

  Resource estimates are inherently imprecise as they are expressions of judgement at a particular time based on available information, interpreted using experience and resource modelling techniques. The estimates, while made by qualified professionals, may change over time as other information becomes available which differs from information known or predicted by past drilling, sampling and geological interpretation. Estimates remain subject to change which may adversely affect the Company's operations or the commercial viability of its projects.

- **Tenure and Access**

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

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

- **Non-Completion of Tenement Purchase Agreements**

  The Tenement Purchase Agreements referred to in Sections 7.1 and 7.2 of this Prospectus are each subject to various conditions precedent. If any of those conditions precedent is not satisfied or waived by 31 December 2011 (or such later date as the parties to each Tenement Purchase Agreement may agree), a party to that Tenement Purchase Agreement may terminate the Tenement Purchase Agreement, in which case completion under the Tenement Purchase Agreement will not occur and the Company will not acquire the Tenement or Tenements the subject of the Tenement Purchase Agreement.

- **Uranium Mining**

  The Company will be exploring for uranium (among other minerals). Uranium mining in Australia is subject to extensive regulation by Commonwealth, State and Territory Governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Accordingly, the approval processes for uranium mining are more rigorous than for mining of other metals. Compliance with such laws and regulations will increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

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

  The development of uranium deposits will be subject to strict conditions outlined above. Furthermore, current Queensland State Government policy prohibits uranium mining in that State. Future changes in governments, regulations and policies may have an adverse impact on the Company.

THE OFFER

The Company invites applications of up to 16,000,000 Shares at an issue price of 20 cents per each to raise up to $3,200,000 with a minimum subscription of $2,500,000. The key information relating to the Offer and references to further details are set out below.

KEY INFORMATION	FURTHER DETAILS
Type of security being offered and its rights and liabilities Fully paid ordinary shares in the capital of the company ranking equally with existing Shares on issue.	Section 8.4
Minimum Subscription of the Offer $2,500,000	Section 1.2
How to apply for Shares Complete and return the Application Form together with payment in full for the quantity of Shares being applied for. Applications must be for a minimum of 10,000 Shares ($2,000) and thereafter in multiples of 1,000 Shares ($200).	Section 1 and Application Form
Will the securities be listed? Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. The expected date for Shares to commence trading on ASX is 25 November 2011 (this date is subject to change).	Section 1.8
How will Shares be allocated? The Directors will determine the allottees in their sole discretion.	Section 1.8
Where will the Offer be made? No action has been taken to register or qualify the Shares, or, otherwise permit a public offering of the Shares the subject of this Prospectus, in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.	Section 1.13
Broker commissions The Company reserves the right to pay a commission of amounts subscribed through any licensed securities dealers or Australian financial services licensee and accepted by the Company.	Section 1.10
CHESS and Issuer Sponsorship The Company will apply to participate in CHESS for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.	Section 1.12
Who should I contact with queries? Any questions concerning the Offer should be directed to the Company by telephone on +61 (0) 8 6141 3500.	

PURPOSE OF THE OFFER

The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the official list of ASX and position the Company to seek to achieve the objectives set out above including the continued exploration of the Company's projects described in this Prospectus.

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CAPITAL STRUCTURE

Following completion of the Issue, the proposed issued capital structure of the Company, will be as set out in the table below:

SHARES	Minimum Subscription		Offer	
	Number	%	Number	%
Existing Shares	5,800,000	29.9	5,800,000	25.3
Vendor Shares	1,100,000	5.7	1,100,000	4.8
Shares issued pursuant to this Prospectus	12,500,000	64.4	16,000,000	69.9
Total	**19,400,000**	**100**	**22,900,000**	**100**
UNLISTED OPTIONS				
Issued to Directors	800,000		800,000	
Issued to Vendors	675,000		675,000	
Issued to Sponsoring Broker	3,500,000		3,500,000	
Issued to other Brokers	1,500,000		1,500,000	
Total	**6,475,000**		**6,475,000**	

Rights attaching to the Shares are summarised in Section 8.4 of this Prospectus.
Terms and conditions of the Options are summarised in Section 8.5 of this Prospectus.

USE OF FUNDS

The proposed application of funds over two calendar years from the date on which the Shares allotted under this Prospectus are quoted on the ASX is as follows:

Use of Funds	Notes	Minimum Subscription $2,500,000	Offer $3,200,000
Pre-offer cash		256,000	256,000
Total raised in the Offer	1	2,500,000	3,200,000
Total Funds Available		**2,756,000**	**3,456,000**
Exploration expenditure	2	1,460,000	2,103,000
Expenses of the Offer	3	160,117	168,453
Application handling fees		150,000	192,000
Administration		609,815	609,815
Investment Opportunities and general working capital	4	376,068	382,732
Total funds applied		**2,756,000**	**3,456,000**

Notes:
1. If the Company raises more than the minimum subscription but less than the offer amount of $3,200,000 the Company intends to apply these funds first to the broker fees and secondly to the exploration expenditure.
2. Exploration expenditure is more fully described in Section 2.3 of this Prospectus.
3. Refer to a breakdown of the expenses of the Offer below in the Investment Overview.
4. Unallocated working capital will be conserved to allow for evaluation of and securing of new exploration opportunities.

The above table and the exploration programmes and associated expenditure outlined in Section 2 of this Prospectus are statements of current intentions at the date of the lodgement of this Prospectus with ASIC. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied in these circumstances.

The Directors are satisfied that, upon completion of the Issue, the Company will have sufficient funds to meet its stated objectives for a period of at least two years.

The use of joint venture funding or share placements will be considered by the Directors where it is appropriate to accelerate exploration of a specific project towards the delineation or development of a discovery.

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It is also possible that future acquisitions may exceed the current or projected financial resources of the Company and it is expected that these acquisitions would be funded by project finance and/or equity issues (subject to shareholder approvals).

EXPENSES OF THE OFFER

The estimated expenses (exclusive of GST) connected with the Offer which are payable by the Company, based on the minimum subscription of $2,500,000 and the offer subscription of $3,200,000 are as follows:

Amount of Capital Raising	**$2,500,000**	**$3,200,000**
	$	**$**
Brokerage fees	150,000	192,000
Investigating Accountant's Report	7,500	7,500
Legal Expenses	40,000	40,000
Independent Geologist's Report	17,500	17,500
ASX and ASIC fees	28,617	29,953
Corporate Adviser Fees	49,000	56,000
Printing, marketing and distribution	17,500	17,500
Total	310,117	360,453

DIRECTORS

The Company is managed by an energetic Board possessing a broad range of technical, commercial and financial skills with significant experience in the Australian resources industry. Profiles are as follows:

David Paterson, *BAppSc, GradDip BusAdmin*
Non-Executive Chairman

David Paterson began his career as a geologist. He has diverse experience in the Australian minerals industry including Zinc Corporation Limited (Broken Hill mines), Minerals Mining & Metallurgy Limited, New Guinea Goldfields Ltd and BHP Company Limited (Exploration Division).

David was a Member of Australian Stock Exchange Ltd and brings over 20 years experience in stockbroking, capital markets and finance to the Company. He was a senior consultant with wealth management group Prescott Securities Ltd and held the position of National Manager Research & Stockbroking for the parent company, WHK Group, from April 2003 to December 2005. Prior to that David was branch manager of Ord Minnett Limited in South Australia.

David was a founding director of ASX listed Terramin Australia Limited and resigned in April 2009 having acted in both executive and non-executive capacities. He has significant experience in all facets of running a mineral exploration company.

He is a Fellow of Financial Services Institute of Australia and a Member of The Australasian Institute of Mining and Metallurgy.

David does not expect that his directorships with other companies or other business activities will affect his ability to act as Non-Executive Chairman of the Company.

Benjamin Miels *FCA, LLB*
Non-Executive Director

Ben Miels commenced employment with Chartered Accounting firm Edwards Marshall Pty Ltd ("Edwards Marshall") in 1990 and was appointed a Senior Manager in 1998. On 1 January 2002 he was admitted to the partnership of Edwards Marshall and in May 2008 he became the Managing Partner of Edwards Marshall.

Ben advises many medium to large businesses and professional clients in the provision of taxation, accounting and business services. He also acts as a director/board adviser to a number of significant clients of the firm and other organisations.

Ben has experience in a wide range of industries including indigenous communities, manufacturing, mining, agriculture, law and wholesale and retail trade.

He is also a well respected presenter and facilitator on the topics of Financial Literacy for Directors and Driving Financial Performance having facilitated these topics of the highly regarded Australian Institute of Company Directors ("AICD") Company Directors Course for over 7 years.

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Ben also works extensively in the provision of litigation support services and has been involved in the investigation of a number of large public company corporate collapses.

Ben is also a past Chairman of the Institute of Chartered Accountants in Australia SA/NT Division.

He does not expect that his directorships with other companies or other business activities will affect his ability to act as a Non-Executive Director of the Company.

Jay Stephenson, *MBA, FCPA, FCIS, CMA, MAICD*
Non-Executive Director and Company Secretary

Jay Stephenson is a qualified accountant and has been in business development for over 20 years. During this time, he has served as director, CFO and company secretary for both listed and unlisted entities in the resources, manufacturing, wine, hotel and property sectors. He has substantial experience in corporate transactions and managing all areas of finance.

Jay is currently a director of Aura Energy Limited, Drake Resources Limited, Doray Minerals Limited, Strategic Minerals Corporation NL, Nickelore Limited, Parker Resources NL, and Quintessential Resources Limited. He is also Company Secretary for a number of other ASX listed companies.

He does not expect that his directorships with other companies or other business activities will affect his ability to act as a Non-Executive Director and Company Secretary of the Company.

Management and Consultants

The Company is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the projects in which the Company has, or will in the future have, an interest and the Board will continually monitor the management roles in the Company. As the Company's projects require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's projects.

DIRECTOR INTERESTS AND REMUNERATION

The Company has paid no remuneration to its Board since incorporation to the date of this Prospectus. As at the date of this Prospectus, fees for additional services of $2,205 are payable to David Paterson and fees of $36,000 are payable to Wolfstar Group, a company associated with Jay Stephenson and no remuneration will be paid or accrue until such time as the Company is admitted to the Official List.

The proposed annual remuneration for the financial year following the Company being admitted to the Official List together with the relevant direct and indirect interests of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Remuneration[1,2]	Shares	Options[3]
David Paterson	35,000	200,000	400,000
Benjamin Miels	25,000	100,000	250,000
Jay Stephenson	25,000	150,000	150,000

Notes:
1. Remuneration is exclusive of superannuation.
2. The aggregate maximum director's fees payable to non-executive directors is set at $300,000 per annum.
3. The terms and conditions of these Options are set out in Section 8.5(a) of this Prospectus.

All Directors are entitled to be paid all travelling and other expenses properly incurred by them in attending, participating in and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.

The Company maintains Directors' and Officers' Liability Insurance on behalf of the Directors and Officers of the Company.

AGREEMENTS WITH DIRECTORS OR RELATED PARTIES

Advisory Mandate Agreement with Wolfstar Group Pty Ltd

By letter agreement dated 15 May 2011, the Company engaged Wolfstar Group Pty Ltd (**Wolfstar Group**) for the period of three months (or such longer period as the parties may agree) from 1 February 2011 to act as manager of its initial public offering, and to provide financial and corporate advice and assistance in connection with the Offer.

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In consideration for the services provided, Wolfstar Group is entitled to the following fees:

- a monthly retainer of $6,000 (plus GST) for a maximum of six months prior to the Offer; and
- a work fee of 1% of the total capital raised under the Offer payable on admission of the Company to the Official List.

The Company will reimburse Wolfstar Group for all reasonable out-of-pocket expenses incurred.

Either party may terminate the Agreement by giving seven days' notice.

CFO and Company Secretary Engagement Letter Agreement with Wolfstar Group Pty Ltd

By letter agreement dated 15 May 2011, the Company agreed to engage Jay Stephenson, via Wolfstar Group, as CFO and Company Secretary for a period of six months from the date that the Company is quoted on ASX and thereafter on a month by month basis.

In consideration for the services provided, Wolfstar Group is entitled to receive a monthly retainer of $7,500 (plus GST). The Company will reimburse Wolfstar Group for all reasonable out-of-pocket expenses incurred.

Either party may terminate the Agreement by giving one month's written notice.

Consultancy arrangement with David Paterson

The Company has engaged David Paterson as a consultant on a short term basis during the three month period prior to lodgement of this Prospectus at a rate of $105 per hour (plus GST) not exceeding $5,000 (plus GST) per month, with any subsequent arrangement to be negotiated post-listing.

Indemnity, Insurance and Access Deeds

The Company has entered into an Indemnity, Insurance and Access Deed with each Director. Pursuant to the Deed the Director is indemnified by the Company against any liability incurred in their capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions.

The Company must keep a complete set of company documents until the later of the date which is seven years after the Director ceases to be an officer of the Company and the date after a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation in which the Director is involved as a party, witness or otherwise because the Director is or was an officer of the Company (**Relevant Proceedings**).

The Director has the right to inspect and/or copy a company document in connection with Relevant Proceedings during the period referred to above.

The Company must maintain an insurance policy insuring the Director against liability as a director and officer of the Company while the Director is an officer of the Company and until the later of the date which is seven years after the Director ceases to be an officer of the Company and the date any Relevant Proceedings commenced before the date referred to above have been finally resolved.

The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available.

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders as at the date of the Prospectus and on completion of the Offer have been included in both tables below for comparison purposes.

As at the date of the Prospectus

Those Shareholders holding 5% or more of the Shares on issue at the date of this Prospectus:

Shareholder	Shares	% (undiluted)	% (fully diluted)
Taycol Nominees Pty Ltd	1,600,000	27.6%	27.6%
Jason Peterson and Lisa Peterson <J&L Peterson S/F A/C>	1,120,000	19.3%	19.3%
Celtic Capital Pty Ltd	1,000,000	17.2%	17.2%
Cunningham Peterson Sharbanee Securities Pty Ltd	480,000	8.3%	8.3%

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On completion of the Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer)

Those Shareholders holding 5% or more of the Shares on completion of the Offer:

Shareholder	Shares	% (undiluted)	Shares (fully diluted)	% (fully diluted)
Taycol Nominees Pty Ltd	1,600,000	7.0%	5,100,000	17.3%

The Company will announce to ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

CORPORATE GOVERNANCE

To the extent applicable, in light of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (2nd Edition) as published by ASX Corporate Governance Council (**Recommendations**).

The Company's main corporate governance policies and practices as at the date of this Prospectus and the Company's compliance and departures from the Recommendations are set out in Section 8.2 of this Prospectus.

In addition, the Company's full Corporate Governance Plan is available from the Company's website (www.spencerresources.com.au).

FINANCIAL INFORMATION

The Company was only recently incorporated (11 January 2011) and has no operating history and limited historical financial performance. The Company is yet to conduct its own exploration activities on the area of land the subject of the Tenements.

As a result, the Company is not in a position to disclose any key financial ratios other than its balance sheet which is included in the Investigating Accountant's Report set out in Section 5 of this Prospectus.

TAXATION

The Australian taxation consequences of any investment in Shares will depend upon an investor's particular circumstances. It is an obligation of investors to make their own enquiries concerning the taxation consequences of an investment in the Company. If you are in doubt as to the course of action you should take, you should consult your professional advisers.

DIVIDEND POLICY

The Company does not yet have a dividend policy. The Company has no immediate intention to declare or distribute dividends. Payment of future dividends will depend upon the future profitability and financial position of the Company.

RESTRICTED SECURITIES

Subject to the Company being admitted to the Official List, certain of the Shares and Options on issue prior to the Offer and certain of the Shares issued on the exercise of the Options on issue prior to the Offer, are likely to be classified by ASX as restricted securities and will be required to be held in escrow.

The Company will announce to ASX full details (quantity and duration) for the Shares and Options required to be held in escrow prior to the Shares commencing trading on ASX.

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1. Details of the Offer

1.1 Introduction

The information set out in this Section is not comprehensive and should be read together with the other information in this Prospectus.

1.2 The Offer and Subscription

The Company is offering 16,000,000 Shares for subscription at an Offer Price of 20 cents per Share to raise $3,200,000. The minimum subscription is 12,500,000 Shares to raise $2,500,000.

All Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with the Shares already on issue. The rights attaching to the Shares are summarised in Section 8.4 of this Prospectus.

If the minimum subscription for the Offer is not achieved within four months after the date of this Prospectus, the Company will repay all money received from Applicants, without interest.

1.3 Offer Period

The Offer will open on the Opening Date and will remain open until 5.00 pm (CST) on the Closing Date. The Company reserves the right to either open or close the Offer at an earlier time or date or to extend the time or date without prior notice. Applicants are encouraged to submit their Applications as early as possible.

1.4 Risk Factors

Investment in Shares under this Prospectus should be considered as speculative because of the inherent risks in mineral exploration. There are also inherent risks in the delineation of mineral reserves and in mineral production. A summary of some of the risk factors is set out in Section 4 of this Prospectus. Before submitting their Application, potential investors should read this Prospectus in full and consult their professional advisers if they require further information on the risks associated with investing in the Company.

1.5 Application for Shares

Applications must be for a minimum of 10,000 Shares ($2,000) and thereafter in multiples of 1,000 Shares ($200) and can only be made by completing the Application Form attached to this Prospectus. The Company reserves the right to reject any Application or to allocate any investor fewer Shares than the number for which the Applicant has applied.

1.6 Exposure Period

In accordance with Chapter 6D of the Corporations Act this Prospectus is subject to an Exposure Period of seven days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period.

1.7 How to Apply

Applications under the Offer may be made, and will only be accepted, in one of the following forms:

- on the relevant Application Form accompanying this Prospectus; or
- on a paper copy of the relevant electronic Application Form which accompanies the electronic version of this Prospectus, both of which can be found at and can be downloaded from www.spencerresources.com.au.

Application Forms must be accompanied by a personal cheque or a bank draft, payable in Australian dollars, for an amount equal to the number of Shares for which you wish to apply multiplied by the Application Price of 20 cents per Share. Cheques or bank drafts should be made payable to "Spencer Resources Ltd Share Account" and crossed "Not Negotiable". No brokerage or stamp duty is payable by Applicants. The amount payable on Application will not vary during the period of the Offer.

Applicants should ensure that cleared funds are available at the time the Application is lodged, as dishonoured cheques will result in the Application being rejected. Application monies will be held in trust in a subscription account established and controlled by the Company until allotment has taken place.

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Completed Application Forms should be delivered or posted to:

Spencer Resources Ltd Share Issue
c/o Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000

Application Forms must be received at the above address by no later than 5.00 pm (CST) on the Closing Date.

Detailed instructions on how to complete paper Application Forms are set out on the reverse of those forms. You are not required to sign the Application Form. The Company reserves the right to reject any Application (including where an Application Form has not been correctly completed) or allocate any person fewer Shares than that person applied for, or vary the dates and times of the Offer without prior notice and independently of other parts of the Offer. Where Applications are rejected or fewer Shares are allotted than applied for, surplus Application Money will be refunded. No interest will be paid on any Application Money refunded.

An Application may not be withdrawn after lodgement unless the Applicant is permitted to withdraw the Application in accordance with the Corporations Act.

1.8 Allocation and Allotment of Shares

Subject to ASX granting approval for quotation of the Shares, the allotment of Shares will occur as soon as practicable after the Offer closes. All Shares issued pursuant to the Offer will rank pari passu in all respects with the existing Shares of the Company. Holding statements will be dispatched as required by ASX. It is the responsibility of Applicants to determine their allocation prior to trading in Shares.

The Directors reserve the right to reject any Application or to allot a lesser number of Shares than subscribed for in an Application Form. If the number of Shares allocated is less than that applied for, or no allotment is made, the surplus Application Monies will be promptly refunded without interest.

1.9 Sponsoring Broker

Taylor Collison Limited has agreed to act as Sponsoring Broker to the Offer. Details of the terms of appointment of the Sponsoring Broker, including fees payable, are set out in Section7.3 of this Prospectus.

1.10 Brokerage and Handling Fees

Brokerage fees will be paid in accordance with the Sponsoring Broker agreement as set out in Section7.3 of this Prospectus.

1.11 Stock Exchange Listing

Application will be made to ASX within seven days after the date of this Prospectus for Quotation of the Shares issued pursuant to this Prospectus. If approval for Quotation of the Shares is not granted within three months after the date of this Prospectus, the Company will not allot or issue any Shares pursuant to the Offer and will repay all Application Money without interest as soon as practicable.

1.12 Clearing House Electronic Sub-Register Systems (CHESS) and Issuer Sponsorship

The Company participates in the Clearing House Electronic Subregister System ("**CHESS**"), operated by ASX Settlement and Transfer Corporation Pty Ltd ("**ASTC**"), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and ASTC Settlement Rules.

Under this system, the Company will not issue certificates to investors in relation to their Shares. Instead, Shareholders will receive a statement of their shareholdings in the Company.

If an investor is broker sponsored, ASTC will send them CHESS statements. The CHESS statements will set out the number of Shares allotted to each investor under this Prospectus, give details of the Shareholder's holder identification number ("**HIN**") and give the participant identification number of the sponsor.

Alternatively, if an investor is registered on the issuer sponsored sub register, the statements will be dispatched by the Share Registrar and will contain the number of Shares allotted under this Prospectus and the Shareholder's security holder reference number ("**SRN**").

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time, however a charge may be made for additional statements.

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1.13 Overseas Investors

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. Lodgement of a duly completed Application Form will be taken by the Company as to constitute a representation that there has been no breach of such laws.

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

The Offer pursuant to an electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

1.14 Privacy Act

The Company collects information about each Applicant from the Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this Prospectus and may disclose it for those purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), ASX, ASIC and other regulatory authorities.

If an Applicant becomes a Shareholder of the Company, the Corporations Act requires the Company to include information about the Shareholder (name, address and details of the Shares held) in its public registers. This information must remain in the registers even if that person ceases to be a Shareholder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. Successful Applicants may request access to their personal information held by (or on behalf of) the Company by telephoning or writing to the Company Secretary.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

1.15 No Underwriting

The Offer is not underwritten.

1.16 Investor Enquiries

This document is important and should be read in its entirety. Persons in doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Additional copies of this Prospectus or further advice on how to complete the Application Form can be obtained from the Share Registrar by telephone on +61 (0)8 8236 2300.

Questions relating to the Offer can be directed to the Company by telephone on +61 (0)8 6141 3500.

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2. Overview of the Company and Projects

2.1 Introduction

Spencer Resources was incorporated on 11 January 2011 for the purpose of exploration, development and investment in the resources sector.

2.2 Project Overview

Iron Pot Creek EPM 17071 - Queensland

The Company has the right to acquire a 75% interest in this title currently owned by Carbine pursuant to the Tenement Purchase Agreement described in Section 7.2 of this Prospectus.

Iron Pot Creek encompasses two targets, the Logan Creek molybdenum (Mo) target, and the more advanced Crystal Mount gold (Au) target. It is underlain by accretionary volcanic and sedimentary rocks that have experienced multiple intrusive phases (dominantly felsic). Extensive hydrothermal alteration creating propylitic and phyllic alteration mineral assemblages is present throughout the property. Mineralisation on the Logan Creek Prospect consists of granite containing disseminated molybdenite. The gold mineralisation of the Crystal Mount Prospect is thought to exist as a breccia-hosted, intrusion related deposit buried beneath a barren hydrothermally altered cap, analogous to the large Mt Leyson and Kidston gold deposits. Geophysical evidence in the form of magnetic and three-dimensional induced polarisation (3D IP) chargeability anomalies suggest the possibility that a large tonnage, low grade Au deposit may exist at depth.

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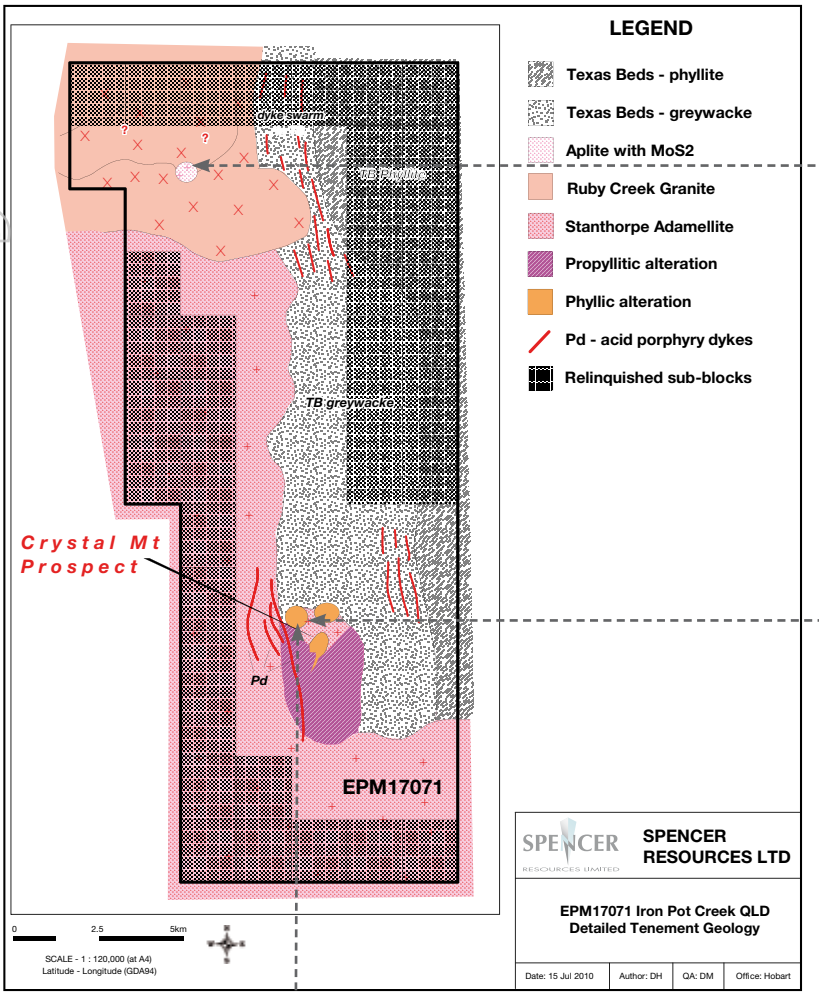
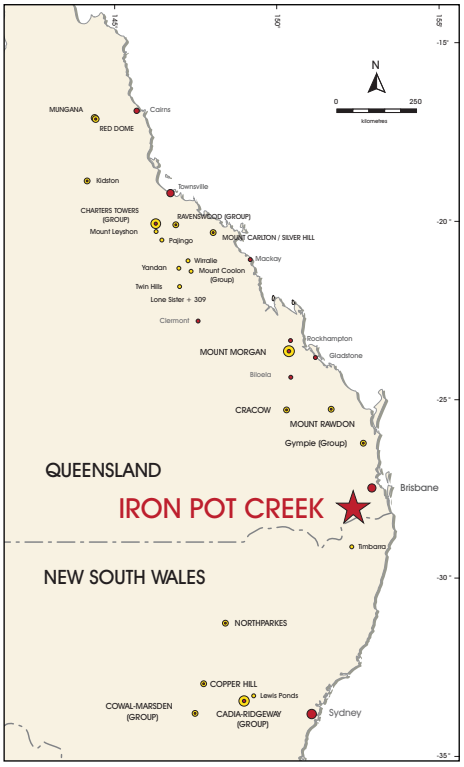


Logan Creek Prospect
Aplite float with multiple coarse molybdenum (silver mineral either side of pen)



View from Crystal Mount looking south east

Crystal Mount Prospect– altered granitic intrusion looking south

Crystal Mount Prospect – diamond core samples CMRC3b . Drilled May 2006 (numbers are metres down hole)

The drill core photographs show propylitically altered granite cut by later quartz-pyrite (molybdenite) veins. The alteration in the granite ranges from propylitic to advanced phyllic alteration in which the original mineralogy is replaced by quartz, sericite and pyrite.

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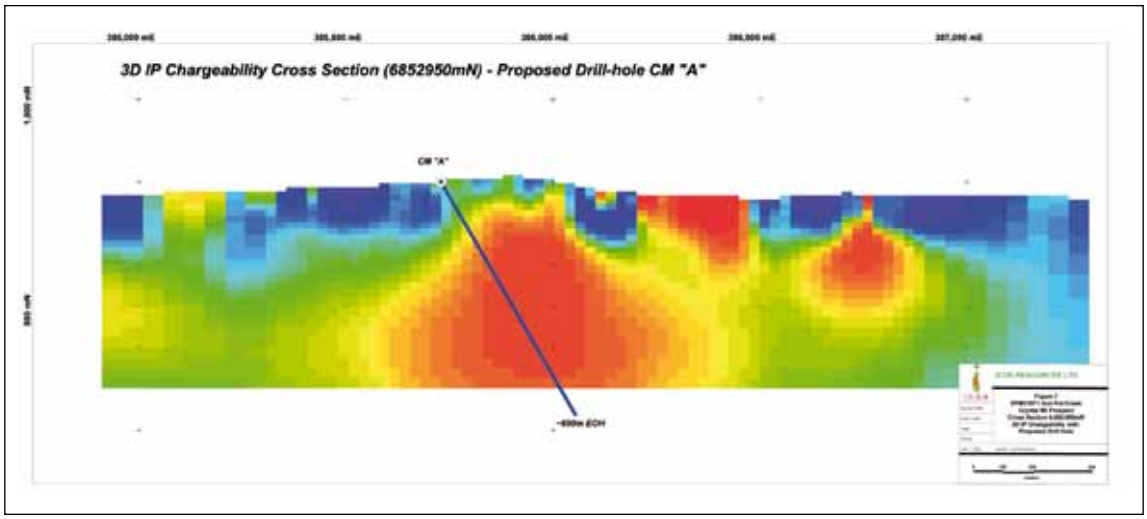
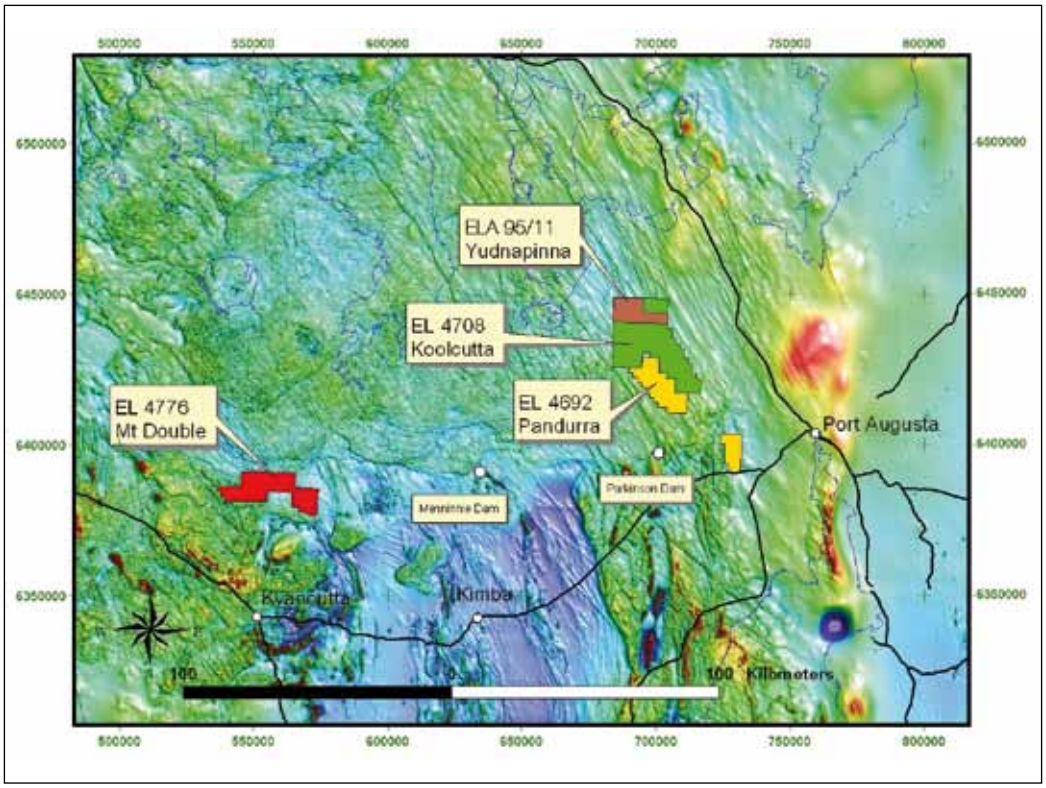
Carbine and others have completed extensive soil and rock chip sampling, geological mapping and geophysical surveys over the Crystal Mount Prospect and interpretation of this data lead to Carbine completing a nine hole drill program comprising relatively shallow (83 - 221 metre) RC/ diamond drill holes (refer to the Independent Geologist's Report in Section 4 of this Prospectus for more details).

Results of the drilling program were seen as disappointing by Carbine and failed to find "near" surface gold mineralisation despite the fact that gold can be panned from the nearby creek. Interest was subsequently renewed following a better understanding of the mineral distribution within similar intrusive bodies, for example the Cadia East mine in New South Wales where economic mineralisation exists below the hydrothermally altered barren cap of the intrusion. This saw Carbine regain the current title however further exploration initiatives were delayed by funding constraints and other commitments and priorities of Carbine.

The Company proposes to drill test the deep IP anomaly that remains untested.





Spencer Resources - South Australian Tenements on Total Magnetic Intensity (TMI) image

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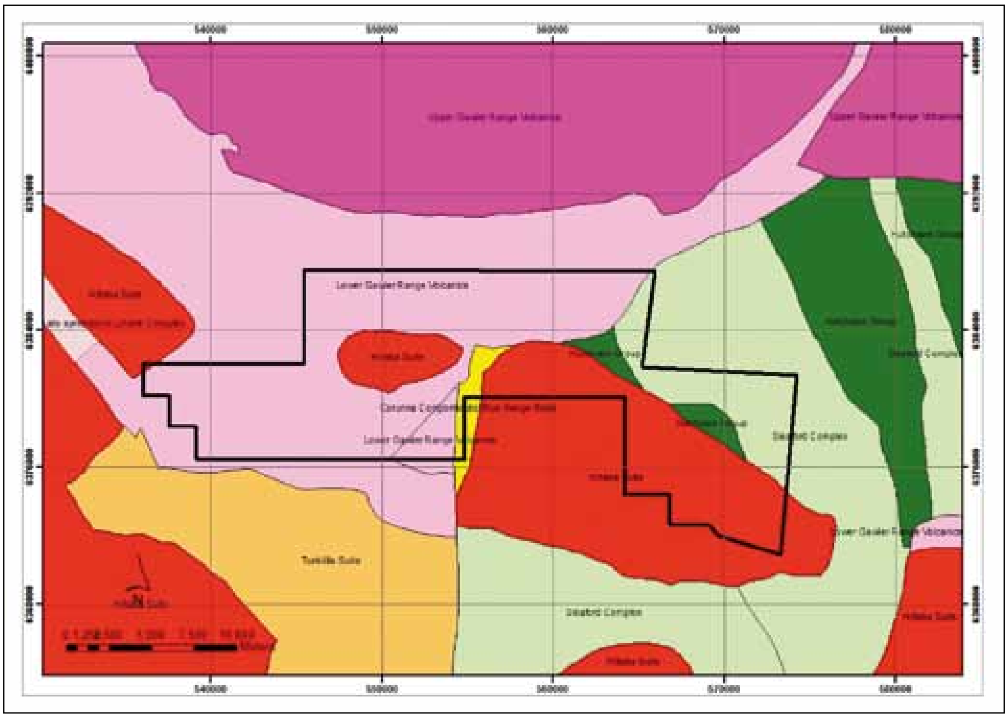
Mt Double EL 4776 - South Australia

The Company has the right to acquire a 70% interest in this title currently owned by Minotaur pursuant to the Tenement Purchase Agreement described in Section 7.1 of this Prospectus.

The southeastern part of the Gawler Craton is widely recognised as containing pervasive regional alteration systems and a high potential for iron oxide copper-gold (IOCG) mineralisation associated with the Gawler Range Volcanics and coeval Hiltaba Suite Granite ("HSG") igneous event. Also associated with this event are structurally controlled Pb-Zn-Ag hydrothermal breccias as at Menninnie Dam and more "epithemal-like" Pb-Zn-Cu-Au-Ag mineralisation as at Parkinson Dam and Investigator's Paris silver discovery. Each of these is spatially coincident with the southern margin of the Gawler Range Volcanics.

Recent work by Investigator has identified high grade silver-lead mineralisation, with lesser gold, 25km east of the Mt. Double tenement within the Peterlumbo Project area. The Paris Prospect was identified by silver-in-soil geochemical anomalies and subsequent aircore drilling including intersections of 29 m of 155 g/t Ag and 2.5% Pb and 37m of 91 g/t Ag. Additional drill results included 4m of 913 g/t Ag hosted in fresh, sulphide-bearing bedrock. Epithermal style mineralisation documented by Investigator is genetically linked to northeast-striking rhyolite dykes and northwest-striking structures, all largely hosted within carbonate/clastic sedimentary rocks. The rhyolite dykes are interpreted to part of the HSG.

The Mt Double area is characterised by gold within steeply dipping quartz veins in the Paleoproterozoic Tunkillia suite and base-metal-bearing breccias related to Gawler Range Volcanics (GRV) and (pene-) contemporaneous intrusive suites.

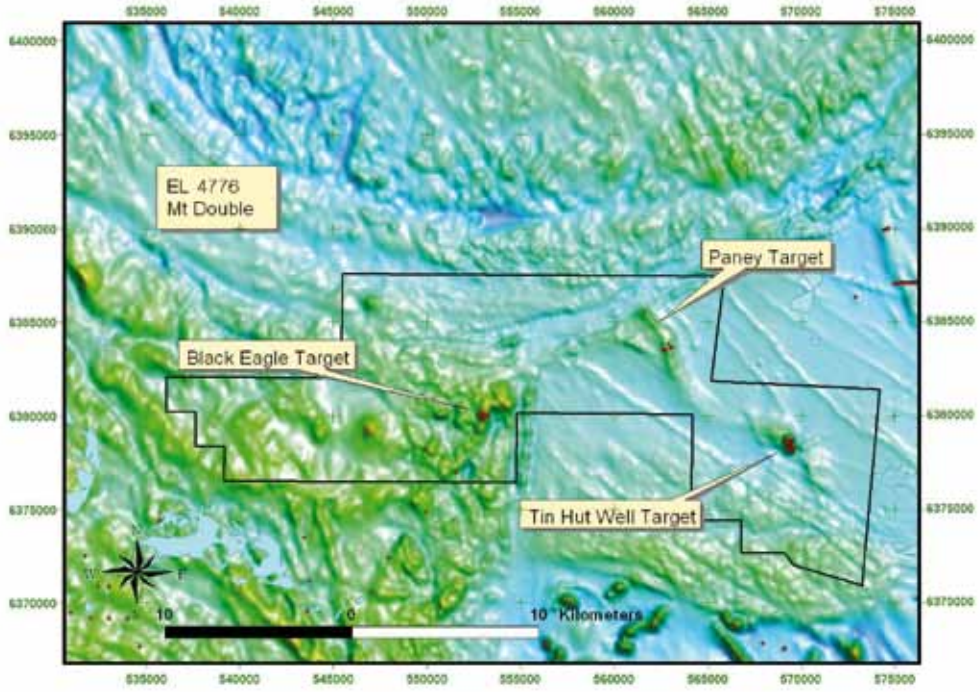


Geology map for Mt Double Tenement.

Past exploration has focused on uranium, gold, diamonds and base metals and this work is summarised in Section 6.4 of the Independent Geologist's Report in Section 4 of this Prospectus. Of particular interest to Spencer Resources is work carried out by Aberfoyle Resources Ltd ("**Aberfoyle**") between 1989 and 1994 that focused on base metals on the Paney and Tin Hut Well Prospects.

The Paney Prospect generated best results including in DDPP1,1.3m from 299m assaying 1.8% Pb & 0.5% Zn (max assays 3.4% Pb & 9%Zn). There were numerous other smaller Pb / Zn intercepts starting at 224m in this hole.

The Tin Hut Well Prospect is located on the eastern side of the tenement (SE of Paney). Five RC holes drilled by Aberfoyle in 1993 intersected many narrow zones of Pb / Zn mineralisation (best was 2 metres assaying 2.6% Pb+Zn). BEAC10 intersected 17metres @ 0.54%Zn, 0,24%Pb, 0.14%Cu (37-54m). Drilling was focussed by Sirotem anomalies and anomalous Pb/Zn soil and calcrete sampling.



Mt Double Project Area : - Magnetics, historic drill hole clusters and targets

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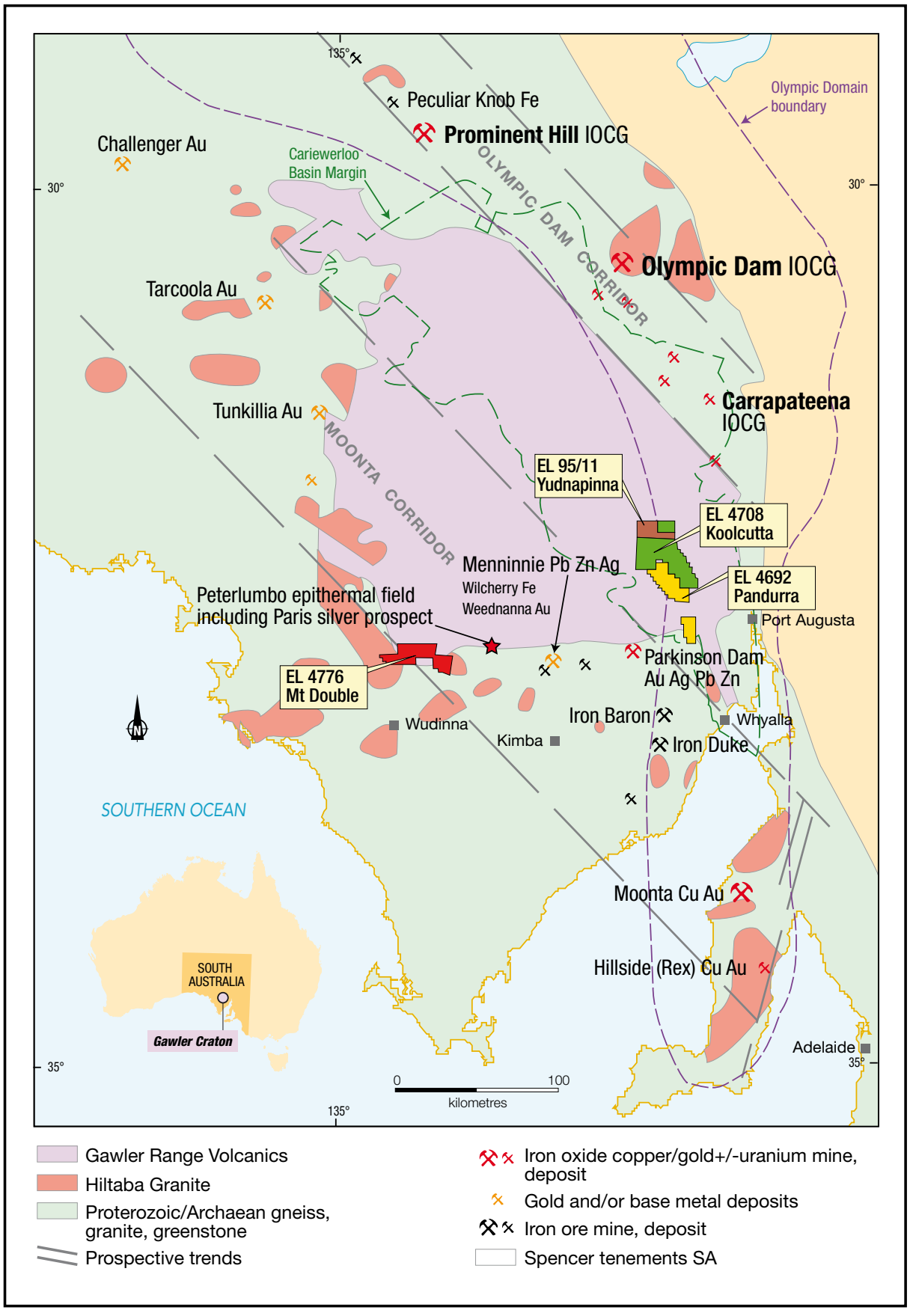
SOUTH AUSTRALIA



Eyre Peninsula & Gawler Craton major deposit and prospects. Prospectivity models and corridors modified after PIRSA and J Anderson.

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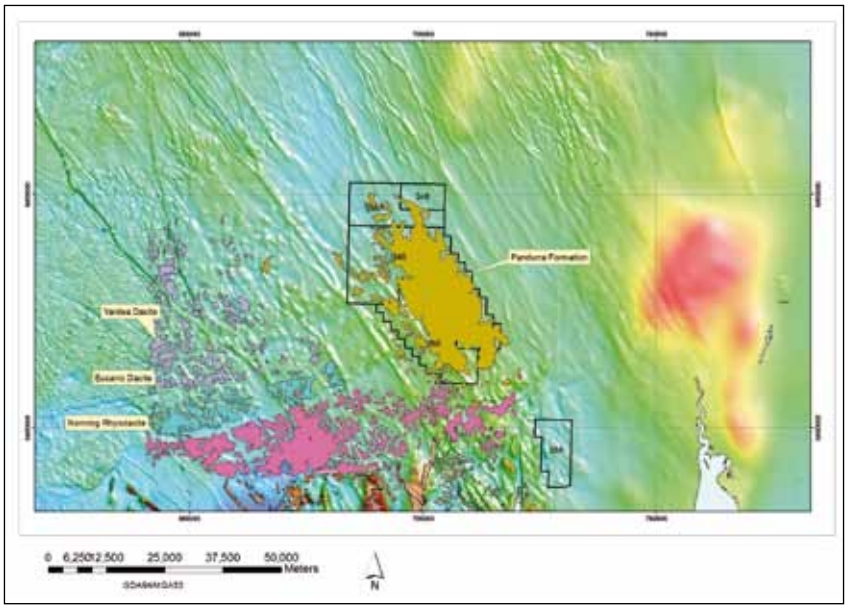
Pandurra Block - ELA 95/11 Yudnapinna,EL 4692 Pandurra and EL 4708 Koolcutta – South Australia

The Company has the right to acquire an 80% interest in these titles currently owned by Minotaur pursuant to the Tenement Purchase Agreement described in Section 7.1 of this Prospectus.

The tenements are characterised by outcropping to near-outcropping Pandurra Formation on the edge of Gawler Range Volcanics with basement deepening to the east.



Outcrop geology over Yudnapinna, Koolcutta and Pandurra tenements

In 2010 the South Australian government flew several regional airborne electromagnetic (AEM) lines, three of which pass over the Yudnapinna, Koolcutta and Pandurra tenements as part of their Carieweloo Basin Unconformity Project. The project is ongoing and is attempting to capitalise on the similarities between the Cariewerloo Basin and the Athabasca Basin in Canada by using AEM to map potential unconformity related Uranium mineralisation. These deposits are typically detected with EM due to the presence of graphite associated with the ore zone which is highly conductive.

EM test lines flown by the Department of Primary Industries and Resources of South Australia have successfully penetrated through to the basement rocks and generated several EM anomalies on the Pandurra Block. These EM anomalies are coincident with apparent basement structures revealed by gravity and magnetic surveys (refer Figure 18 of the Independent Geologist's Report in Section 4 of this Prospectus); basement structures being critical fluid pathways for unconformity-related U deposits.

The presence of a thick unit of Pandurra Formation within the Koolcutta, Yudnapinna and Pandurra tenements indicates this tenement package is suitable for hosting such deposits. Mineralisation here would be expected to be found at the base of the Pandurra Formation along basement structures.

The Pandurra Block also lies within an iron-oxide copper-gold (IOCG) and U corridor of deposits that includes Olympic Dam and Prominent Hill (IOCGs), and the more recently discovered Mullaquana (U) and Hillside (Cu) deposits. Spencer Resources believes that further more detailed exploration is warranted in the north-west corner of the Pandurra Block evaluating and testing the potential for IOCG mineralising systems.

2.3 Exploration Programmes and Budgets

Iron Pot Creek EPM 17071 - Qld

Initial work will include a reassessment of the 3D IP geophysics in order to confirm the best location for a deep drill hole test (~650 metres) at Crystal Mount. Additional geophysical surveys may be required to refine the target including downhole EM or IP. Further study of the correlations between Crystal Mount and deposits like Cadia and Mt Lehyson is proposed.

The Logan Creek Molybdenum property will require further data compilation and regional studies including mapping, stream sediment and rock chip sampling with limited shallow drilling pending results of the regional exploration.

Mt Double EL 4776 - South Austrailia

Exploration planned for the Mt. Double tenement with focus on Pb-Zn-Ag mineralisation around the Paney, Black Eagle and Tin Hut Well prospects. Work will also focus on evaluating the potential for occurrences like that of Investigator's Paris Prospect mineralisation. The proposed methods of exploration comprise:

- Data review and remodeling of existing geophysical data
- Design and coverage of a VTEM survey (eastern portion of tenement)
- Advanced geochemical soil sampling and analysis
- Geological mapping, rock chip sampling, and ground geophysics
- RAB geochemical drilling
- RC and/or diamond drilling

Pandurra Block - ELA 95/11 Yudnapinna, EL 4692 Pandurra and EL 4708 Koolcutta - South Australia

A two year exploration strategy is planned for the Pandurra tenement blocks. The focus will be on the IOCG and uranium corridor associated with the Pandurra Formation. Exploration proposed includes:

- Data review and reprocessing
- AEM targets will be selected from the government funded Pandurra Formation Unconformity Uranium Initiative
- Infill airborne and ground surveys with focus on the delineation of specific drill targets
- RAB geochemical drilling
- RC and/or diamond drilling

Exploration Budget

The scope of ongoing work will be partly determined by the results of the initial drilling programme as well as the amount of funds raised under this Prospectus. It is emphasised that the programmes and budgets proposed rely on current knowledge and exploration concepts and are based on the assumption that results will be sufficiently encouraging to justify a continuous work programme. The actual activities carried out and the allocation of funds will be subject to frequent rigorous technical review, and may be varied depending on the results achieved as the exploration programmes progress.

Refer to Section 5.9 (Table 4) and Section 6.9 (Table 7 & 8) of the Independent Geologists Report in Section 4 of this Prospectus for full details of the proposed exploration budgets.

Exploration Expenditure	**$2,500,000 Raising**		**$3,200,000 Raising**	
	Year 1	**Year 2**	**Year 1**	**Year 2**
Iron Pot	200,000	200,000	290,500	293,500
Mt Double	180,000	180,000	221,000	280,000
Pandurra Block	350,000	350,000	468,000	550,000
Total	730,000	730,000	979,500	1,123,500
Two year Total	**1,460,000**		**2,103,000**	

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3. Risk Factors

3.1 Introduction

The risks contained both in the Investment Overview and this Section 3 should be considered carefully by potential investors.

The Shares offered under this Prospectus should be considered speculative because of the nature of the commercial activities of the Company. Whilst the Directors commend the Offer, potential investors should be aware that an investment in the Company involves risks, which may be higher than the risks associated with an investment in other companies.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's activities and its involvement in the exploration industry. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the proposed activities of the Company.

Persons considering whether or not to invest in the Company should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate, before any decision is made to apply for Shares. Prospective investors should consider whether the Shares offered are a suitable investment for them having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. If in any doubt, they should consult with their professional advisers before deciding whether to apply for Shares.

The following, which is not exhaustive, identifies some of the risks associated with an investment in the Company, of which potential investors need to be aware before making a decision on whether or not to invest in the Shares.

3.2 Key Risks

The Key Risks identified in the Investment Overview section of this Prospectus are as follows:

- Exploration Risks;
- Limited Operating Experience and Reliance on Key Personnel;
- Resource Estimations;
- Tenure and Access;
- Non-Completion of Tenement Purchase Agreements; and
- Uranium Mining.

INVESTORS SHOULD NOTE THAT DETAIL RELATING TO THESE RISK FACTORS APPEARS IN THE INVESTMENT OVERVIEW AND HAS NOT BEEN REPEATED IN THIS SECTION

3.3 Risks Specific to the Company

Other specific risks which the Directors consider are associated with an investment in the Company are:

- **Development and Mining**

  Possible future development of mining operations at any of the Company's projects is also subject to numerous risks. The Company's operations may be delayed or prevented as a result of weather conditions, mechanical difficulties, shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with extraction and production activities, unexpected shortages or increase in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding.

  If the Company commences production, its operations may be curtailed or disrupted by a number of risks beyond its control such as environmental hazards, industrial accidents and disputes, technical failures, unusual or unexpected geological conditions, adverse weather conditions, fires, explosions and other accidents.

  The Company's operations may be adversely affected by higher than anticipated ore treatment costs, worse than anticipated metallurgical conditions, fluctuations in base and metal prices or lack of availability of smelter capacity.

  No assurance can be given that the Company will achieve commercial viability through development of any of its projects.

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- **Commodity and Currency Price Volatility**

  Commodity prices are subject to influencing factors beyond the control of the Company and can be subject to significant fluctuations. Just some of these influencing factors include:

  - world demand for particular commodities
  - the level of production costs in major commodity producing regions
  - expectations regarding inflation, interest rates and US dollar exchange rates.

  Any significant and/or sustained fluctuation in exchange rates or commodity prices could have a materially adverse effect on the Company's operations and its financial position.

- **Native Title and Aboriginal Heritage**

  The *Native Title Act 1993* (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration or obtain production tenements. In applying for certain production tenements, the Company must observe the provisions of Native Title legislation (where applicable) and Aboriginal Heritage legislation which protects Aboriginal sites and objects of significance.

  In certain circumstances the consent of registered Native Title claimants must be obtained prior to carrying out certain activities on land to which their claim relates. It is possible that the terms of registered Native Title agreements may restrict the Company's ability to gain access to its tenements and conduct exploration, development and mining operations, or that the conditions imposed by Native Title claimants on such consent may be on terms unacceptable to the Company.

- **Compulsory Work Obligations**

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

- **Environmental**

  The Company's projects are subject to both the relevant State and also Commonwealth laws and regulations relating to environmental matters. Should the Company proceed to development of one or more mines, it could be expected that such developments would have numerous environmental impacts which would require various statutory approvals to be put in place. There is no guarantee that such approvals would be granted. The Company intends to conduct its operations in an environmentally responsible manner and in accordance with relevant legislation. However, the Company is unable to predict the effect of future changes to environmental legislation or policy and the cost effect of such changes on its operations and financial position.

- **Shortage of Funding**

  The funds raised by the Offer will be used to carry out work on the Company's projects as detailed in this Prospectus. If the Company incurs unexpected costs or is unable to generate sufficient operating income, further funding may be required. The Company may require additional funding to carry out further exploration, undertake feasibility studies, develop mining operations and/or acquire new projects. Any additional financing through share issues may dilute shareholdings acquired under this Prospectus. Debt financing may not be available to support the scope and extent of proposed developments. If available, it may impose restrictions on operating activities or anticipated expansion of the Company's operations.

- **Joint Ventures**

  The Company may wish to undertake future projects through joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to, the Company could be affected by the failure or default of any of the joint venture participants.

- **Government Policy**

  Changes in Government policies, taxation and other laws can have a significant influence on the outlook for companies and the return to investors.

- **Insurance Risks**

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

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

- **Competition Risk**

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

- **Economic Risks**

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

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

  - general economic outlook;
  - interest rates and inflation rates;
  - currency fluctuations;
  - changes in investor sentiment toward particular market sectors:
  - the demand for, and supply of, capital; and
  - terrorism or other hostilities.

3.4 General Risks

General risks associated with investment in the Company may include:

- fluctuation of the price at which the Company's Shares trade due to market factors;and
- price volatility of the Company's Shares in response to factors such as:
  - additions or departures of key personnel;
  - litigation and legislative change;
  - press newspaper or other media reports; and actual or anticipated variations in the Company's operating results.

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4. Independent Geologist's Report

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APEX Geoscience AUSTRALIA Pty Ltd.

39B Kensington St
East Perth WA 6004

P: +61 8 9221 6200
F: +61 8 9221 6288
E: james@apexgeoscience.com.au

ABN 37 126 336 436

3 October 2011

The Directors
Spencer Resources Ltd
Level 4, 66 Kings Park Road
West Perth, Western Australia
6005

Dear Board Members,

Independent Geologist's report on the mineral assets of Spencer Resources Ltd

Apex Geoscience Australia Pty Ltd (Apex) has been commissioned by Spencer Resources Limited (Spencer) to provide an Independent Geologist's Report on Spencer's Queensland and South Australian properties. This report will be included in a prospectus which will be submitted by Spencer to the Australian Securities and Investment Commission (ASIC). Spencer seeks to list on the Australian Securities Exchange (ASX) to raise funds in order to carry out exploration and development on their mineral properties in South Australia and Queensland.

This report is based on information that has been provided by the current tenement holders, technical reports from current and past holders, previous tenement holders, and other relevant published public information relating to the area of interest. A list of the principle sources of information has been included in this report. Apex has strived to confirm the authenticity, accuracy, and completeness of any technical data that may have been used in the creation of this report. Spencer was given a draft copy of this report giving them the opportunity to identify any errors which may have occurred. Apex has not verified the status of tenure or any related access issues, this has been addressed in the prospectus.

This report has been completed in accordance with the rules and regulations outlined by the Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert reports (Valmin Code) and the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Resources (JORC Code).

Based on the definitions provided by the Valmin and JORC codes the South Australia properties are classified as Exploration projects, where as the Queensland property is classified as an Early Exploration project. All the properties are considered to be prospective which will allow Spencer to further develop and explore their economic potential; however this is subject to a degree of risk.

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Apex considers the proposed exploration strategy, outlined in this report, to be appropriate considering the mineral potential of the project. The current strategy is sufficient to meet the statutory annual expenditure for the tenements, as well as meet any and all costs of the exploration program. This Independent Geologist's Report has been compiled based on information available up to and including the date of this report.

The statements in this Prospectus that relate to Exploration Results are based on information compiled by Rob L'Heureux of Apex Geoscience Australia Pty Ltd (Apex), a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA). Rob L'Heureux has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rob L'Heureux consents to the inclusion in this Prospectus of these statements in form and the context in which they appear.

Apex and its employees are not, nor intend to be, directors, officers or employees of Spencer and have no material interest in any of their projects. The relationship with Spencer is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and payment of these fees is in no way contingent on the result of this report.

Sincerely,

Robert L'Heureux, M.Sc., P.Geol.
Senior Geologist
APEX Geoscience Australia Pty Ltd

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1. EXECUTIVE SUMMARY

Apex Geoscience Australia Pty Ltd. (Apex) was requested by Spencer Resources Ltd. (Spencer) to complete a data compilation and write an Independent Geologist Report (IGR) on the Iron Pot Creek Property in Queensland and the Mt. Double and Pandurra projects located in South Australia. These tenements are the subject of Tenement Purchase Agreements made between Spencer as purchaser and Carbine Tungsten Limited (Carbine) (*formerly* Icon Resources Limited) and Minotaur Operations Pty Ltd (Minotaur) respectively as vendors. Spencer is seeking to list on the ASX in order to raise working capital to fund future exploration on these properties, subject to completion of the above Tenement Purchase Agreements.

The Iron Pot Creek Property in Queensland is covered by EPM 17071, totaling approximately 112 km^2 and is considered an early exploration project. The Iron Pot Creek Property encompasses two targets, the Logan Creek molybdenum (Mo) target, and the Crystal Mount gold (Au) target. The Iron Pot Creek Property lies approximately 21 km southwest of Warwick underlain by accretionary volcanic and sedimentary rocks that have experienced multiple intrusive phases (dominantly felsic). Extensive hydrothermal alteration creating propylitic and phyllic alteration mineral assemblages is present throughout the Property. Mineralisation on the Logan Creek Prospect consists of granite containing disseminated molybdenite. The gold mineralisation of the Crystal Mount Prospect is thought to exist as a breccia-hosted, intrusion related deposit buried beneath a barren hydrothermally altered cap, analogous to the large Mt Leyshon and Kidston gold deposits. Geophysical evidence in the form of magnetic and three-dimensional induced polarization (3D IP) chargeability anomalies suggest the possibility that a large tonnage, low grade Au deposit may exist at depth.

The Mt. Double Project is located approximately 205 kilometres (km) west of Port Augusta, the Pandurra Block is 68 km northwest of Port Augusta. The Mt Double area is characterized by gold within steeply dipping quartz veins in the Paleoproterozoic Tunkillia suite and base-metal-bearing breccias related to Gawler Range Volcanics (GRV) and (pene-)contemporaneous intrusive suites. The Pandurra Formation underlies the Pandurra Block and is characterised by a thick, monotonous unit of unmetamorphosed, flat-lying arenaceous sedimentary rocks deposited on the northwestern Gawler Craton in the Cariewerloo Basin. The formation was intruded by northwest-trending dolerite dykes of the Neoproterozoic Gairdner Dyke Swarm. Currently defined mineralisation comprises copper (Cu) along the contact of the Pandurra Formation and the overlying Whyalla sandstone and/or the Woocalla dolomite members of the Tapley Hill formation. Recent work by geologists at Primary Industries and Resources South Australia (PIRSA) has been directed at the potential for the Pandurra sedimentary rocks to host unconformity uranium (U) deposits near the lower contact of the Pandurra and underlying metamorphosed basement. The Pandurra Block also lies within an iron-oxide copper-gold (IOCG) and U corridor of deposits that includes Olympic Dam and Prominent Hill (IOCGs), and the recently discovered Mullaquana (U) and Hillside (Cu) deposits.

Exploration programmes for both areas involve a two year proposal with activities of the second year being contingent on results from the first year. Initial exploration at Iron Pot Creek includes a deep drill hole to test a buried induced polarisation (IP) anomaly coupled with additional geophysical surveys.

The Logan Creek molybdenum prospect will require regional mapping and sampling with the possibility of shallow drill testing of anomalies.

Initial exploration at Mt Double will include a proposed VTEM survey over the eastern half of the tenement focused on elucidating base metal mineralisation. Pandurra exploration will assess the iron oxide copper gold (IOCG) and uranium (U) potential of the tenements with airborne electromagnetic (EM) surveys and infill ground gravity surveys.

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3. GLOSSARY OF TERMS

Aeromagnetics – The measurement of variations in the Earth's magnetic field using an instrument transported by aircraft; differing rock types give different magnetic responses giving a pseudo geological map.

AEM – An acronym for Airborne Electromagnetic survey which measures variations in the Earth's apparent conductivity using an instrument transported by aircraft; sulphide minerals in ore deposits can be highly conductive.

Alluvial – Pertaining to silt, sand and gravel material, transported and deposited by a river.

Alteration – Any change in the mineralogical composition of a rock brought about by a physical or chemical event, especially by hydrothermal solutions.

Anomalous – A set of data deviating from the normal, this is usually referring to significant or unusual data.

Archean - A geological age ranging from 3800 to 2500 million years ago.

ASX – Stands for Australian Securities Exchange.

Basalt – A fine-grained, dark coloured, volcanic rock which is relatively rich in iron and magnesium.

Breccia – A rock composed of angular, broken, rock fragments held together by a mineral cement (sedimentary) or a fine grained matrix (volcanic).

Craton – A large portion of a continental plate that has been relatively undisturbed.

Deformation – The alteration such as faulting, folding, shearing, compression and extension of rock formations by tectonic forces.

Diamond Drilling – A drilling method for obtaining a cylindrical core of rock with a diamond impregnated bit.

EL – Exploration Licence.

Epithermal – A hydrothermal deposit formed within one kilometre of the earth's surface in the temperature range of 50-200^{o}C.

Fault – A planar or gently curved fracture across which displays relative displacement.

Felsic Volcanic – A rock of volcanic origin composed pre-dominantly of pale coloured minerals such as quartz and feldspars.

Fold – A curved or angular shape of an originally planar geological surface.

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Foliated – Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.

Ga – Billions of years ago.

Granite – An intrusive rock in which quartz constitutes 10 to 50 percent of the felsic components and in which all the alkali feldspar/total feldspar ratio is generally restricted to the range of 65 to 90%.

GRV – Gawler Range Volcanics.

g/t - Grams per tonne, a measurement of a resource concentration.

HSG - Hiltaba Suite Granites.

Indicated resource – An accumulation of minerals sampled by drill holes, underground openings, or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable level of continuity.

Inferred Resource – an accumulation of minerals, interpreted from geoscientific evidence, drill holes, underground openings or other sampling procedures, and before testing and sampling information is sufficient to allow a more reliable systematic estimation.

Intrusions – a body of igneous rock which has forced itself into pre-existing rocks.

IOCG – Iron Oxide Copper Gold Deposits refers to a high concentration of Gold, Copper, and Uranium hosted with in an Iron Oxide body.

IP – Induced Polarization survey, a geophysical technique capable of detecting sulphide mineralization.

IRGS – Intrusion related gold systems, a class of economically important Gold deposits.

JORC – The Joint Ore Reserves Committee; the JOR committee developed a set of guidelines for the reporting of mineral resources and ore reserves refers to as the “Code”. The Code has been adopted by the Australian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG), and is binding on their respective members. The Code has also been adopted by and included in the listing rules of the Australian (ASX) and New Zealand (NSX) securities exchanges, the purpose of which is to set the enforceable regulatory standards or a Code of practice for the reporting of mineral Resources and ore reserves.

Hydrothermal Fluids – A hot aqueous solution, usually of magmatic origin, which may transport metals and minerals in the solution.

Ma – Millions of years ago.

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Mafic – A rock rich in iron and magnesium, volcanic in origin.

Metamorphism – the mineralogical, chemical and structural adjustment of solid rocks to physical and chemical conditions which have generally been imposed at depths below the surface zones of weather, and which differ from the conditions under which the rocks originates.

Mineralising - The natural process or components that concentrate metals or their ore minerals.

ML – Mining licence.

NEFB – New England Fold Belt, an area of Paleozoic origin that has undergone an orogenic event.

Orogenic – the process of folding and faulting within a belt of similar aged rocks.

Oxide ore – An accumulation of minerals modified by surface waters e.g. sulphides altered to oxides and carbonates.

Pluton – A body of igneous rocks formed beneath the earth surface by consolidation from magma.

Ppb – Parts per Billion, a measurement of low level concentration.

Ppm – Parts per Million, a measurement of moderate level concentration (1ppm = 1000ppb)

Proterozoic – a geological age ranging from 2500 to 542 ma, it is broken down into 3 geological eras: the Paleoproterozoic (2500ma to 1600ma), Mesoproterozoic (1600ma to 1000ma) , and the Neoproterozoic (1000ma to 542 ma).

RC Drilling – A drilling method, abbreviated from reverse circulation percussion drilling, whereby a rotating hammer bit pulverizes the rock, releasing chips of rock that are brought to the surface inside of the drill rods by compressed air.

Regolith – The layer of unconsolidated material which overlies or covers in situ basement rocks.

Rhyolite – Fine-grained felsic ingenuous rock containing high portions of silica and feldspar.

Shear Zone – A zone of ductile deformation between two (relatively) unreformed blocks that have suffered relative shear displacement; the ductile analogue of a fault.

Stratigraphy – The composition, sequence and correlation of stratified rocks within the earth's crust.

Sulphide - a general term to cover minerals containing sulphur and commonly associated with mineralization.

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Tectonic – Pertaining to the forces involved in or the resulting structures of movement in the earth's crust.

Ultramafic – A rock of volcanic origin with no free quartz and generally very little feldspar.

Unconformity – An erosional surface between successive stratigraphy which represents a missing interval in the geological time scale.

VTEM - Versatile Time Domain Electromagnetics .

Volcanics – formed or derived from a volcano.

Volcaniclastic – a rock formed from rock fragments generated during volcanic eruptions.

4. INTRODUCTION

4.1 Terms of Reference

Spencer Resources Limited (Spencer) engaged Apex Geoscience Australia Pty Ltd. (Apex) to complete a data compilation and write an Independent Geologist Report on mineral properties in Queensland and South Australia. Spencer intends to list on the Australian Securities Exchange (ASX) in order to raise working capital to fund future work on its properties; this geological report will form part of a company prospectus to meet listing requirements. The Iron Pot Creek Property, comprising EPM 17071 in Queensland, will be acquired by Spencer (initial 75% interest, with the option of obtaining 100% interest within two years) from Carbine subject to the satisfaction or waiver of the conditions precedent in the Tenement Purchase Agreement made between Spencer and Carbine, dated May 23, 2011 as varied by Deed of Variation dated September 26, 2011 (the Carbine Agreement), and completion of the Carbine Agreement. The relevant interest in the Mt. Double and Pandurra properties, collectively comprising 4 tenements in South Australia, will be acquired from Minotaur subject to the satisfaction or waiver of the conditions precedent in the Tenement Purchase Agreement made between Spencer and Minotaur, dated May 9, 2011 as varied by Deed of Variation dated September 13, 2011 (the Minotaur Agreement), and completion of the Minotaur Agreement at which time Spencer will obtain a 70% interest in the Mt Double tenement and an 80% interest in the Koolcutta, Pandurra and Yudnapinna tenements (Pandurra Block).

This report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (The Valmin Code) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Independent Geologist Report is based on a compilation of proprietary and publicly available information current to the date of this report. Apex has endeavored to confirm authenticity, accuracy and completeness of all technical data upon which this report is based. Apex does rely upon the professional measures used by the employees of the companies on which this data compilation is based. Apex has not attempted to establish the legal status of tenements within the project area with respect to the native title claims. Nor has Apex independently verified ownership and current standing of the tenements and is not qualified to make legal assessment or representations in this regard. Details of the legal ownership of the mineral assets are dealt with elsewhere in the prospectus. The reports used for background information are reviewed and referenced below.

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4.2 Experience, Qualifications and Independence

Apex Geoscience Australia Pty Ltd (Apex) is a privately owned, independent consulting firm created in 2008 from the parent company APEX Geoscience Ltd (APEX) (Canada) which has been in operation since 1983. The companies provide wide-ranging mineral exploration and resource estimation services worldwide.

The author, Rob L'Heureux, M.Sc., P.Geol., has been a practicing professional geologist since 2006, registered with the Association of Professional Engineers, Geologist and Geophysicists of Alberta (Canada) and a member of the Society of Economic Geologists. Mr. L'Heureux has been involved in mineral exploration since 1995 and been employed by APEX since February 2003. Whilst employed by APEX he has undertaken numerous National Instrument 43-101 compliant reports (Canada) and Formal Technical Project Reports and planned and conducted mineral exploration projects in Canada, USA, Cambodia, Thailand and Australia on a wide variety of commodities and deposit types. Rob L'Heureux holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia. He is a Qualified Person under the rules of NI43-101.

Neither APEX , Apex or any of its employees or associates is an insider, associate or affiliate of Spencer or any associated company. Neither APEX, Apex or any of its employees or associates have acted previously for Spencer or any associated company.

Apex's professional fees are based on time charged for work actually conducted and are not contingent on any prior understanding concerning the conclusions to be reached.

The author of this report, is not, nor intended to be, a director, officer, or other direct employee of Spencer and have no material interest in the projects of Spencer. The relationship with Spencer is solely one of professional association between client and independent consultant. This Report has been compiled based on information available up to and including the date of this Report. Consent has been given by Apex for the distribution of this report by Spencer in the form and context in which it appears.

4.3 Principal Sources of Information

The information compiled for Iron Pot Creek in this report has been provided by the incoming and current title holders, Spencer and Carbine respectively, and has included published and unpublished data relevant and applicable to the Property. Figures provided by Carbine have been referenced appropriately. Apex has assessed the quality of the geological data mentioned above but did not investigate the status of agreements, royalties and tenement standings, nor did Apex make a site visit. Other technical information was obtained through the Australian and Queensland government websites, often as a confirmation and verification of our current data.

The information for the Mt. Double and Pandurra properties is based on information provided from the incoming and current tenement holders, Spencer and Minotaur respectively, including technical reports from previous title holders and other published data relevant to the area. Apex has assessed the quality of the geological data mentioned above but did not investigate the status of agreements, royalties and tenement standings, nor did Apex make a site visit. This report is also based on public information which has been supplied by Spencer and publicly-sourced data from the government of South Australia website.

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4.4 Background Information

Spencer will obtain an initial 75% interest in EPM 17071, the Iron Pot Creek Property, from Carbine upon completion of the Carbine Agreement; an option to obtain a 100% interest in the Property will be in effect for the first two years of the agreement. The Iron Pot Creek Property is located in southeast Queensland, between Warwick and Stanthorpe (Figure 1). The Property encompasses the Logan Creek molybdenum and Crystal Mount gold targets, held previously by Carbine as EPM 15007 and subsequently as EPM 17071. The property consists of 37 sub-blocks totaling 112km^2 (Table 1, Figure 2). The Property is being explored for large, low-grade intrusion-related Au systems. The hydrothermally altered barren cap has until recently been a deterrent to exploration however there is potential for economic mineralisation at depth, below the hydrothermal alteration zone. Work has now focused on relating particular deposit types and models to the Property including the Cadia-type porphyry model and Intrusion-Related Gold Systems (IRGS) similar to the Tooloom deposit in the southern New England Fold Belt (NEFB) (McKay and Wake, 2006). Current exploration strategies include a deep (>650m), one hole drill program targeting an unexplained IP anomaly.

The relevant interests in the Mt. Double and Pandurra properties, collectively comprising 4 tenements in South Australia, will be acquired from Minotaur upon completion of the Minotaur Agreement (Figure 3 and Table 2), at which time Spencer will obtain a 70% interest in the Mt Double tenement and an 80% interest in the Pandurra Block. The Mt Double area hosts gold mineralisation in steeply dipping quartz veins within the Paleoproterozoic Tunkillia suite and breccia-hosted lead and zinc mineralisation similar to the Menninnie Dam deposit, 70 km east of Mt Double. The Mt Double licence is enclosed within a dual proclamation national park (Gawler Ranges National Park) which provides stricter constraints on mineral exploration and development to minimise overall impact of such operations within the park. The Pandurra Block hosts copper mineralization between the Pandurra Formation and the overlying Tapley Hill Formation. The Pandurra Block is also being assessed for unconformity uranium and IOCG deposits.

Table 1 - EPM 17071 Tenure

BIM	Block	Sub-Blocks	Status; Sub Status	Granted	Expiry Date
ARMI	238	W,X,Y,Z	Granted; Renewal Lodged	July 2008	July 2011
ARMI	239	V	Granted; Renewal Lodged	July 2008	July 2011
ARMI	310	C,D,E,J,K,P,V,Z	Granted; Renewal Lodged	July 2008	July 2011
ARMI	311	A,F,L,Q,V	Granted; Renewal Lodged	July 2008	July 2011
ARMI	382	E,K,P,V	Granted; Renewal Lodged	July 2008	July 2011
ARMI	383	A-C, F-H, L-N, Q-S, V-X	Granted; Renewal Lodged	July 2008	July 2011

Figure 1 – Iron Pot Creek Location Map

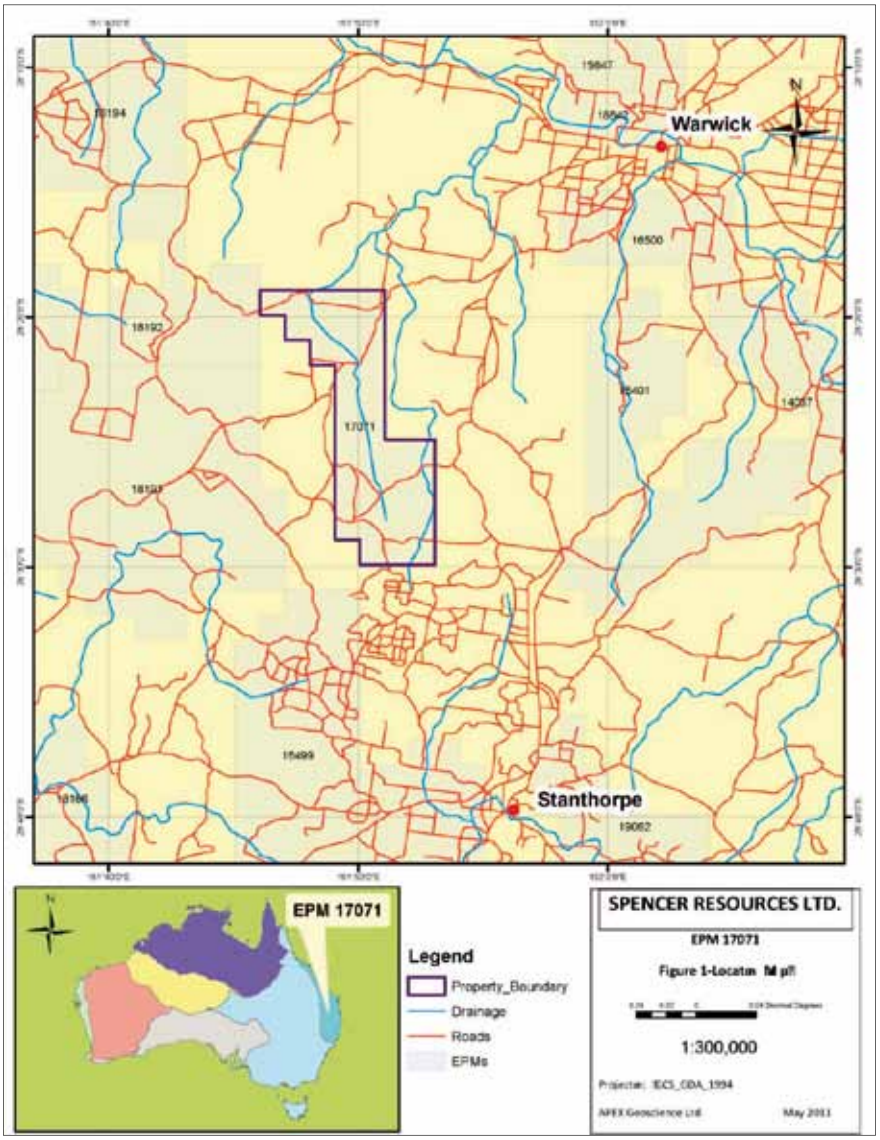

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Figure 2 – Iron Pot Creek Tenement Map

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Figure 3 – Mt Double and Pandurra Block Location and Tenement Map

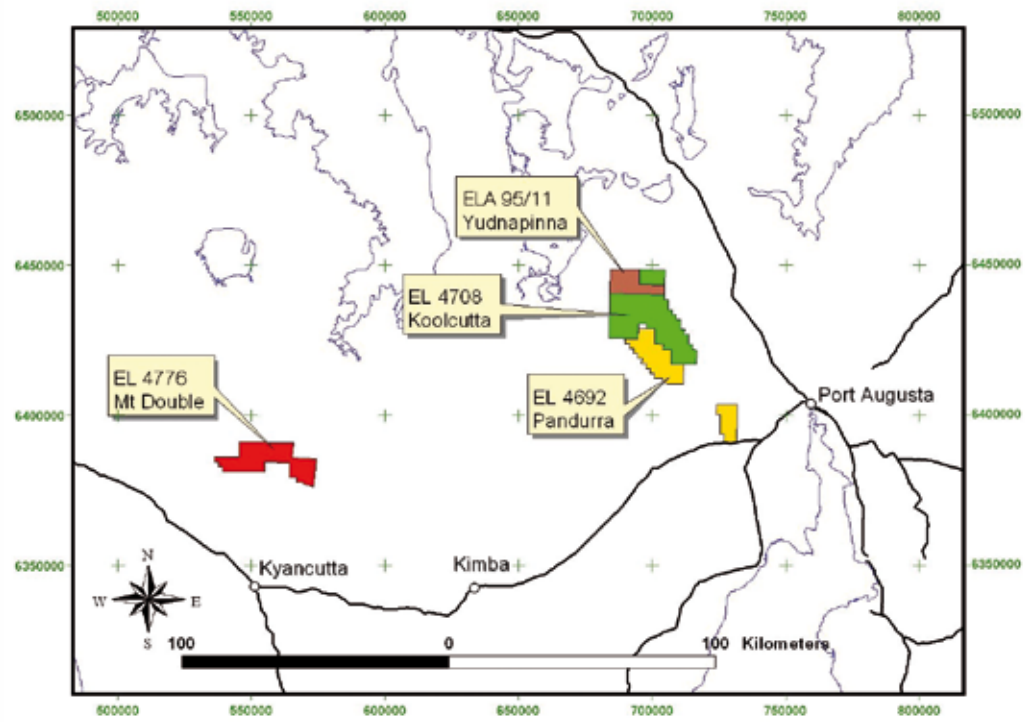

Table 2 - Mt Double and Pandurra Block Tenement Schedule

Tenement	Name	Area (ha)	Status	Granted
ELA 95/11	Yudnapinna	13700	Applied (replacement)	Pending
EL4708	Koolcutta	53400	Granted	29/03/2011
EL4692	Pandurra	31100	Granted	24/02/2011
EL 4776	Mt Double	31100	Granted	29/09/2011

4.5 Regional Geology and Mineralisation

The Iron Pot Creek Property lies within the region that includes the Woolomin and Silverwood Provinces. Included within are the Texas Block and the intruding Stanthorpe Batholith, within the New England Orogen. The region consists of Cambrian to Devonian island arc volcanic and sedimentary rocks, as well as the felsic volcanic detrital accretionary Texas beds of Andean-style subduction which formed in the late Devonian to Carboniferous. The change in tectonic setting in the Late Carboniferous led to back arc extension resulting in felsic volcanics. The Property is underlain by the northern edge of the Texas Block, consisting of highly deformed Ordovician to Permian metasedimentary and metavolcanic rocks, which has been intruded by Permian to Lower Triassic granites. This multi-phase granite, the Stanthorpe Batholith, was then intruded by two younger felsic phases, the Ruby Creek Granite and the Herries Adamellite. The Property lies within the New England Fold Belt, and at the northern edge of the southeast Queensland Granite Belt (Figures 4 and 5).

Regional mineralisation includes the Ruby Creek Granite providing base metals, tin, tungsten, arsenic and molybdenum. The Texas region consists of epithermal to mesothermal gold, tin, tungsten, arsenic, molybdenum, bismuth, gold, silver, copper, lead, zinc and strata bound manganese and late stage alteration-related magnetite deposits. Early Permian units host stratabound and shear hosted base metal sulphides. The Stanthorpe area provides alluvial deposits of cassiterite. Gold, gemstones, building stone, limestone and marble are also found within the region (Queensland Department of Mines and Energy, 2008).

Figure 4 – Iron Pot Creek Tectonic Setting (from Carbine Tungsten Limited (Capp et al., 2008))

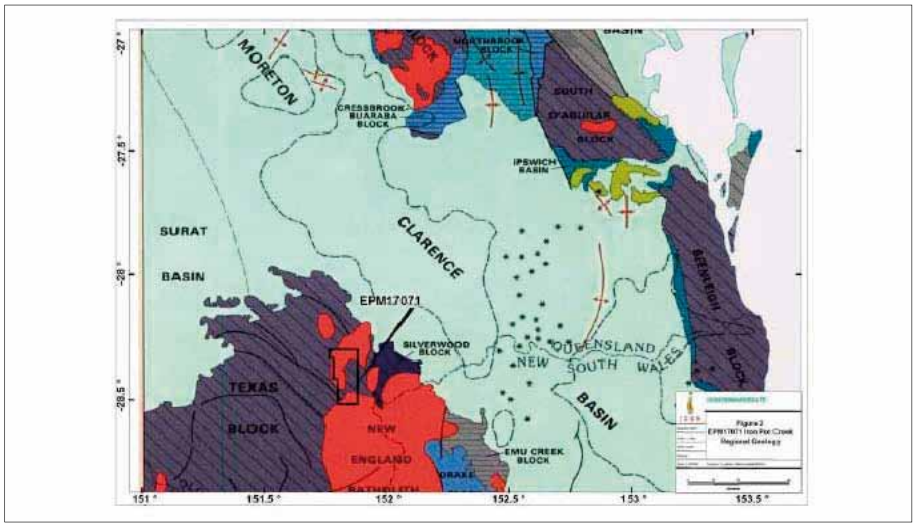

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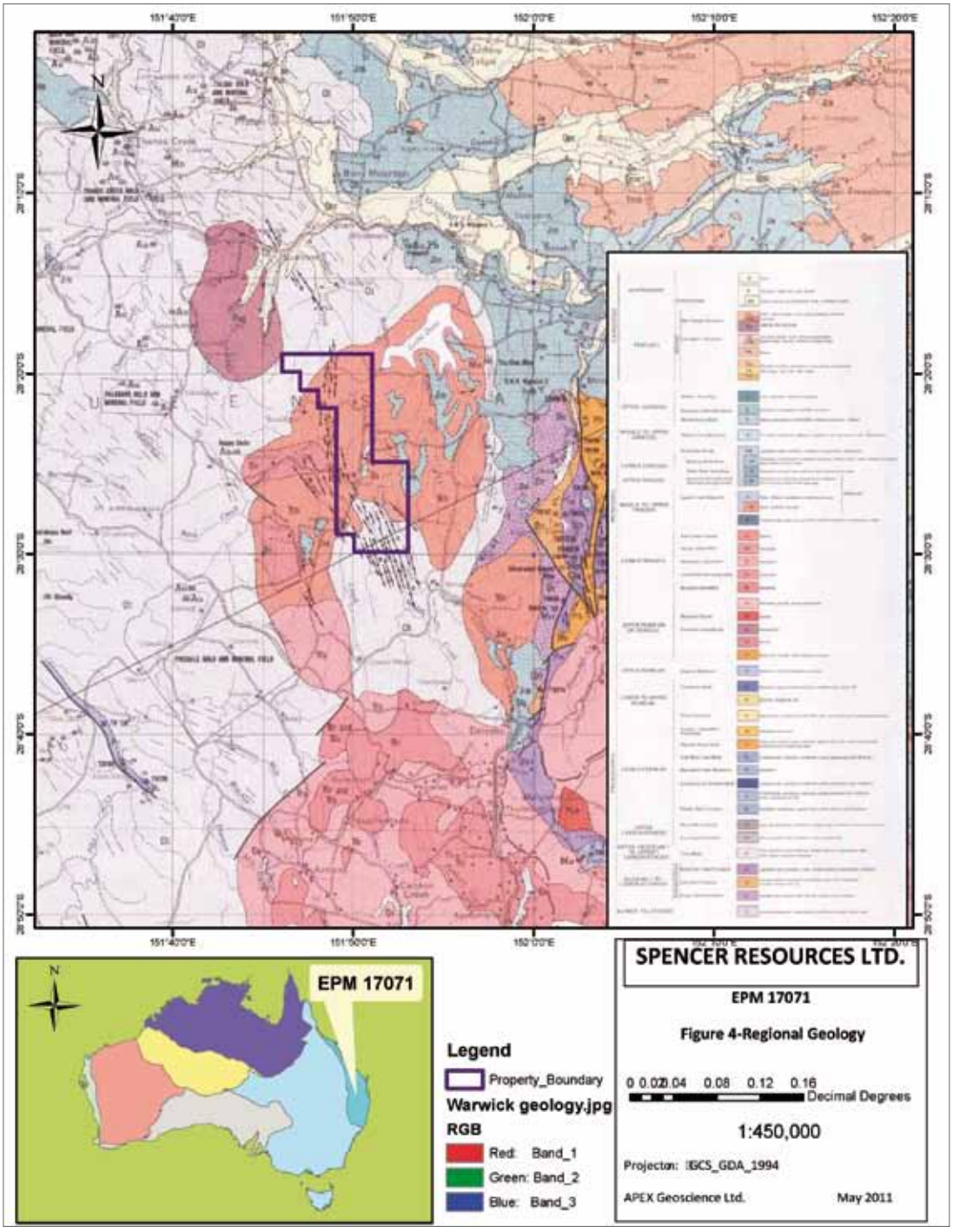
Figure 5 - Iron Pot Creek Regional Geology



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The Pandurra and Mt. Double properties are located on the Gawler Craton where the basement rocks are dominated by Archean granulite facies gneisses, the Sleaford Complex, and the Paleoproterozoic Hutchison Group metasediments (Figure 6) (Flint, 2006). Granitoids were intruded during the late-Paleoproterozoic including the Tunkillia (~1600Ma) and St Peter (~1620Ma) suites. These suites were most likely synorogenic and accompanied the shearing and deformation during stages of the Kimban and Kararan orogenies. A wide spread magmatic event took place from the Archean to Mesoproterozic covering the central and western portions of the Gawler Craton, resulting in the Gawler Range Volcanics (GRV). The younger Gawler Range Volcanics and co-magmatic Hiltaba Suite Granites (HSG), 1585Ma, utilized the earlier fractures to aid in their intrusion.

Emplacement of the GRV and HSG around 1600Ma led to a widespread mineralisation event involving base- and precious-metal bearing veins and intrusions and uranium enrichment including Olympic Dam and Prominent Hill. Breccia-hosted zinc and lead mineralisation has been identified, originating from hydrothermal fluids associated with the GRV. Coarse-grained sandstones and conglomeratic sandstone were deposited either synchronously or shortly after the Mesoproterozoic magmatic event; these sediments are currently being evaluated for unconformity uranium deposits. Gold is associated with quartz veining found around the Yarlbrinda Shear zone as well as within the historical Glenloth and Tarcoola goldfields. These quartz veins are believed to emanate from the HSG. The host rock is primarily the Paleoproterozoic Tunkillia suite with gold and associated pyrite found in steeply dipping quartz veining within an alteration zone comprising sericite and chlorite.

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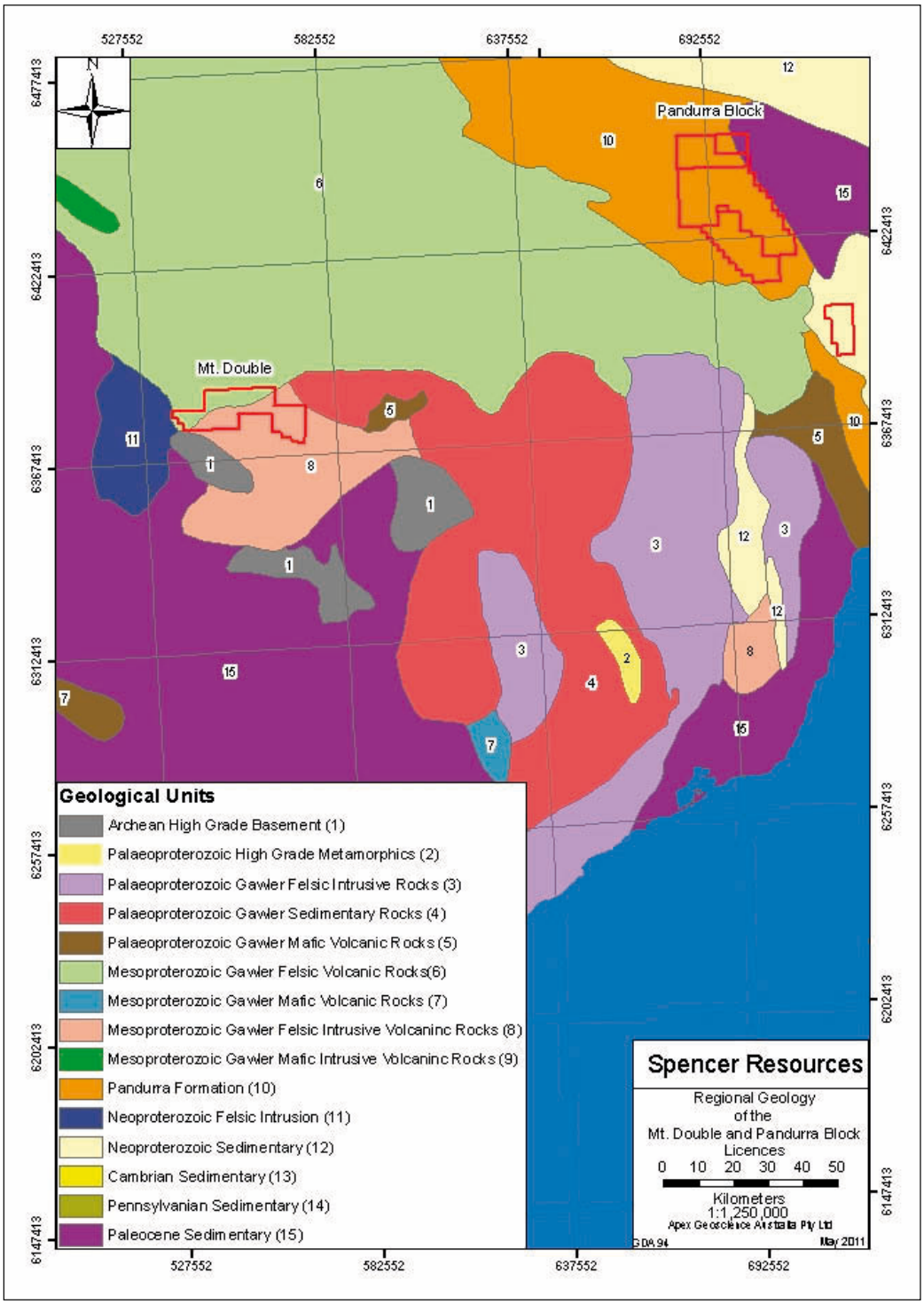
Figure 6 – Mt. Double and Pandurra Block Regional Geology



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5. IRON POT CREEK PROPERTY

5.1 Location and Access

The Iron Creek Property is located in southeast Queensland, between Warwick and Stanthorpe. The Property is approximately 21 km southwest of Warwick and covers 112km^2 as tenement EPM 17071. There is ready access to the Property via Highway 15 and just east is the New England Highway. There are numerous north-south and east-west access roads cross cutting the Property.

The area is characterized primarily by cow and sheep pasture, interspersed with patches of eucalyptus forest. The area has low relief, with bedrock outcropping or close to surface at areas of higher relief, with Crystal Mountain being the highest topographic point near the Property. Small creeks and wetlands run through the Property, and fences exist throughout.

5.2 Tenure

EPM 17071 was granted to Carbine in July 2008 for a 3 year period. Subject to completion of the Carbine Agreement, Spencer will purchase an initial 75% interest in the Property with the option to purchase a 100% interest within two years; a renewal has been lodged by Carbine for the July 2011 tenement deadline.

5.3 Local Geology and Mineralisation

The property sits on the northern edge of the NEFB, as well as the southeast Queensland Granite Belt. The Property is also on the northern extent of the underlying Texas Block which has been intruded by the Stanthorpe Batholith and subsequent felsic intrusions of the Ruby Creek Granite and the Herries Adamellite. Two primary swarms of small, fine grained dykes of various compositions from basaltic to rhyolitic, have intruded these granites and the Texas Beds Greywacke (Figure 7). Zones of pervasive phyllic and propyllitic alteration are centered on the Crystal Mount target, at the south-central portion of the Property.

Known mineralization on the Property consists of granites with disseminated Mo (Figure 7) termed the Logan Creek target and the Crystal Mount target which comprises an area of extensively hydrothermally altered granite and magmatic-hydrothermal breccia bodies with alluvial Au found in drainage systems nearby. The Crystal Mount area is interpreted as a late-stage granite porphyry, intruding the Texas Beds, Stanthorpe Granite/Adamellite and the Herries Adamellite, with most of the intrusion remaining in the sub-surface.

The Queensland State Government Texas aeromagnetic survey and the Warwick 1:250 000 geological map shows a major northwest trending lineament, northeast trending faults and northwest trending mafic dyke swarms across the Crystal Mount Prospect (Figures 6, 7 and 8). This setting is structurally favourable for late granite porphyry emplacement and breccia hosted gold mineralisation (Capp *et al*., 2008). Magnetic signatures suggest that the intrusion is 8km long and 6km wide, with elongation trending northwest-southeast (Milburn *et al.,* 2010). The intrusion is strongly porphyritic, and an evolving dataset suggests there is a large, zoned alteration system in the intrusive rocks at Crystal Mount. This zonation appears to consist of an outer zone of propyllitic alteration (chlorite-epidote-albite-carbonate-pyrite). Sericite alteration and tourmalinisation occur between the propyllitic alteration and intense phyllic (quartz-sericite-carbonate-pyrite) and potassic alteration at the centre of the system (Milburn *et al.,* 2010). Veining commonly consists of quartz-sulphides, pyrite and calcite. Disseminated

sulphides commonly occur within and along fractures, veins and as infill of breccias; most commonly pyrite with lesser molybdenite, chalcopyrite, arsenopyrite and sphalerite (Capp *et al.*, 2007).

Figure 7 – Iron Pot Creek Tenement Geology (from Carbine Tungsten Limited (Capp et al., 2008))

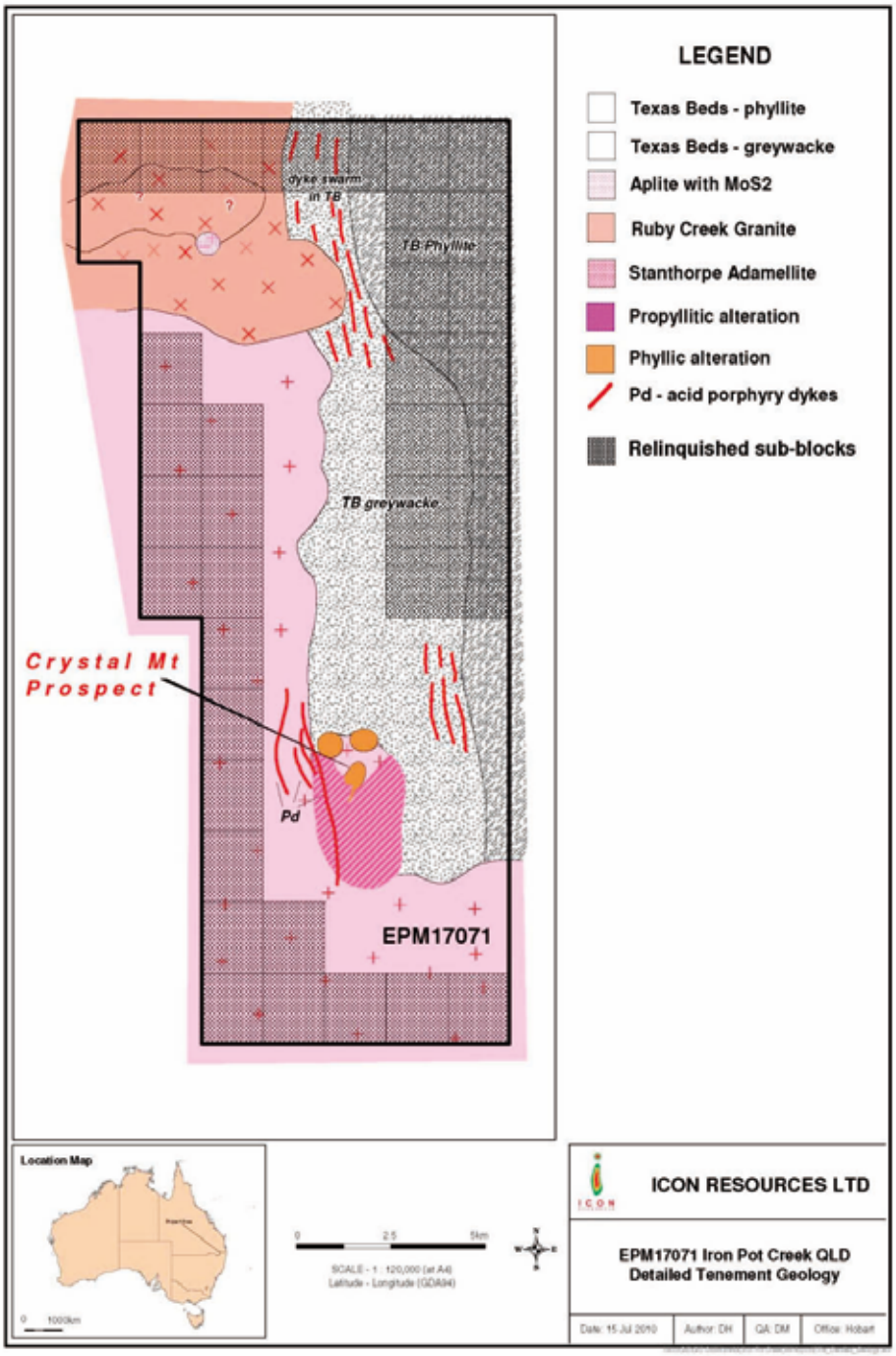

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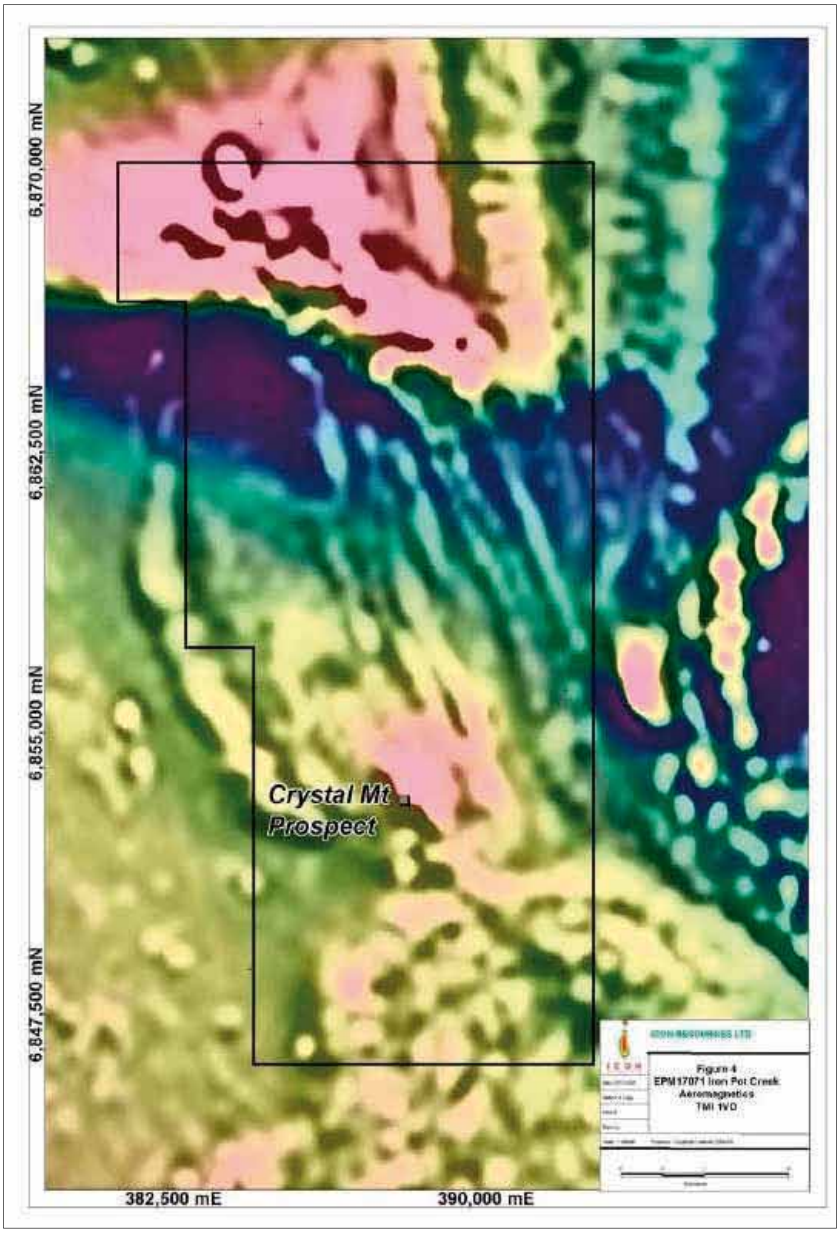
Figure 8 – Iron Pot Creek Local Aeromagnetic Map (from Carbine Tungsten Limited (Capp et al., 2008))



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5.4 Exploration History

In the late 1990's the Queensland Department of Mines and Energy completed and released high resolution magnetic data, which defined prominent anomalies in the area of the Property. This initiated exploration of the Crystal Mount and Logan Creek prospects on behalf of MIM with Golden Reef Enterprises Pty Ltd and Australian Asiatic Gems Pty Ltd (GRE/AAG). Geological mapping confirmed an area (~1.4km x ~0.4km) of propylitic- to phyllic-altered granites and phyllic altered breccias bodies. Initial soil sampling tested for base metals. A weak Mo anomaly (>10 ppm) was discovered proximal to the main breccia body. GRE/AGG completed further soil sampling (Capp *et al*., 2008), defining a halo of anomalous Au (>3 ppb, including a maximum value of 63 ppb on the southwest margin of the breccia zone) surrounding the leached cap outcrops (White, 2002). Soil sampling was conducted from various soil horizons (A through C). Additional exploration conducted on the Property included rock chip sampling of the propylitically-altered adamellite in the mid 1990's from the southern extent of the alteration.

A ground magnetic survey completed at Crystal Mount defined a large (~2.2km x ~1.4km), low amplitude magnetic anomaly consistent with the expected area of hydrothermal breccias and alteration (Capp *et al*., 2008).

In 2006, Carbine acquired EPM15007 from GRE/AAG and completed a nine hole drill program comprising shallow (83-221m) RC/diamond drillholes in addition to a 3D IP survey (Figures 9 and 10). The survey attempted to map disseminated sub-surface sulphides. An interpreted zone of phyllic altered (quartz-sericite-pyrite) breccia and granite was discovered (White, 2006). The 9-hole drill program did not produce encouraging anomalies for Au and only weak anomalies of Ag, Mo, Cu, Fe, Te and Pb. Select samples returned anomalous Ag (max. 5.8g/t), Mo (max. 416ppm), Cu (max. 2,690ppm), Fe (max. 11.2%), Te (max 1.2ppm) and Pb (max. 432ppm) (Capp *et al.*, 2007). The holes showed the area to consist of non- to weakly-magnetic equigranular and porphyritic biotite granites cut by aplite, rhyolite and dolerite dykes.

In 2007, Carbine allowed EPM 15007 to lapse as a result of the poor assay results obtained. Upon a review of related Au-Mo-Cu systems, such as that of the Au-Cu Cadia East mine, the potential was recognized for economic mineralisation below the hydrothermally altered barren cap. Carbine reapplied for the Property and it was granted under EPM 17071 for three years in July, 2008.

In 2008, Carbine applied to the Queensland Government Department of Mines and Energy for aid in funding a deep (>650m), one-hole drill program (Figures 11 and 12). In early 2009, Carbine was informed that they were unsuccessful in obtaining the funding. Work became focused on reviewing available data, re-logging drill core, and field reconnaissance in an effort to retain the most prospective areas of the Property and better define the proposed drill target.

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Table 3 – Iron Pot Creek Summary of Exploration History

Date	Company	Work Summary
Mid to Late 1990's	Queensland Dept of Mines and Energy	High resolution magnetic survey defined prominent anomalies in area of the Property.
	GRE/AGG	Geological mapping confirmed an area (~1.4km x ~0.4km) of propylitic to phyllic altered granites and phyllic altered breccias bodies.
		Soil sampling defined an Mo anomaly proximal to the main breccia body and Au halos around outcrops of leached caprock.
		Additional exploration conducted on the Property included rock chip sampling of the propylitically-altered adamellite from the southern extent of the alteration.
		A ground magnetic survey completed at Crystal Mount defined a large (~2.2km x ~1.4km), low amplitude magnetic anomaly consistent with the expected area of hydrothermal breccias and hydrothermal alteration (Capp et al.,2008).
2006	Icon Resources Ltd. (now known as Carbine Tungsten Ltd (Carbine))	Aquired EPM 15007 from GRE/AAG.
		Carbine completed a nine hole drill program comprising shallow (83-221m) RC/diamond holes in addition to a 3D IP survey. An interpreted zone of phyllic (quartz-sericite-pyrite) altered breccia and granite was discovered (White, 2006). The 9-hole drill program and following assay results showed no encouraging anomalies for Au and weak anomalies in Ag, Mo, Cu, Fe, Te and Pb.
2007		Allowed EPM 15007 to lapse due to poor assays.
2008		Reapplied and granted Property under EPM 17071.
		Application to Queensland Government Department of Mines and Energy for aid in funding a deep (>650m), one-hole drill program.
2009		Government funding was rejected hence exploration became focused on reviewing available data, re-logging and sampling of drill core and field reconnaissance to determine and retain most prospective areas of the Property and better define the proposed drill target.
2011	Spencer Resources Ltd.	Will obtain 75% interest in the Property from Carbine, subject to completion of the Carbine Agreement.

Figure 9 – Iron Pot Creek Crystal Mount chargeability and 9 shallow holes (from Carbine Tungsten Limited (Capp et al., 2008))

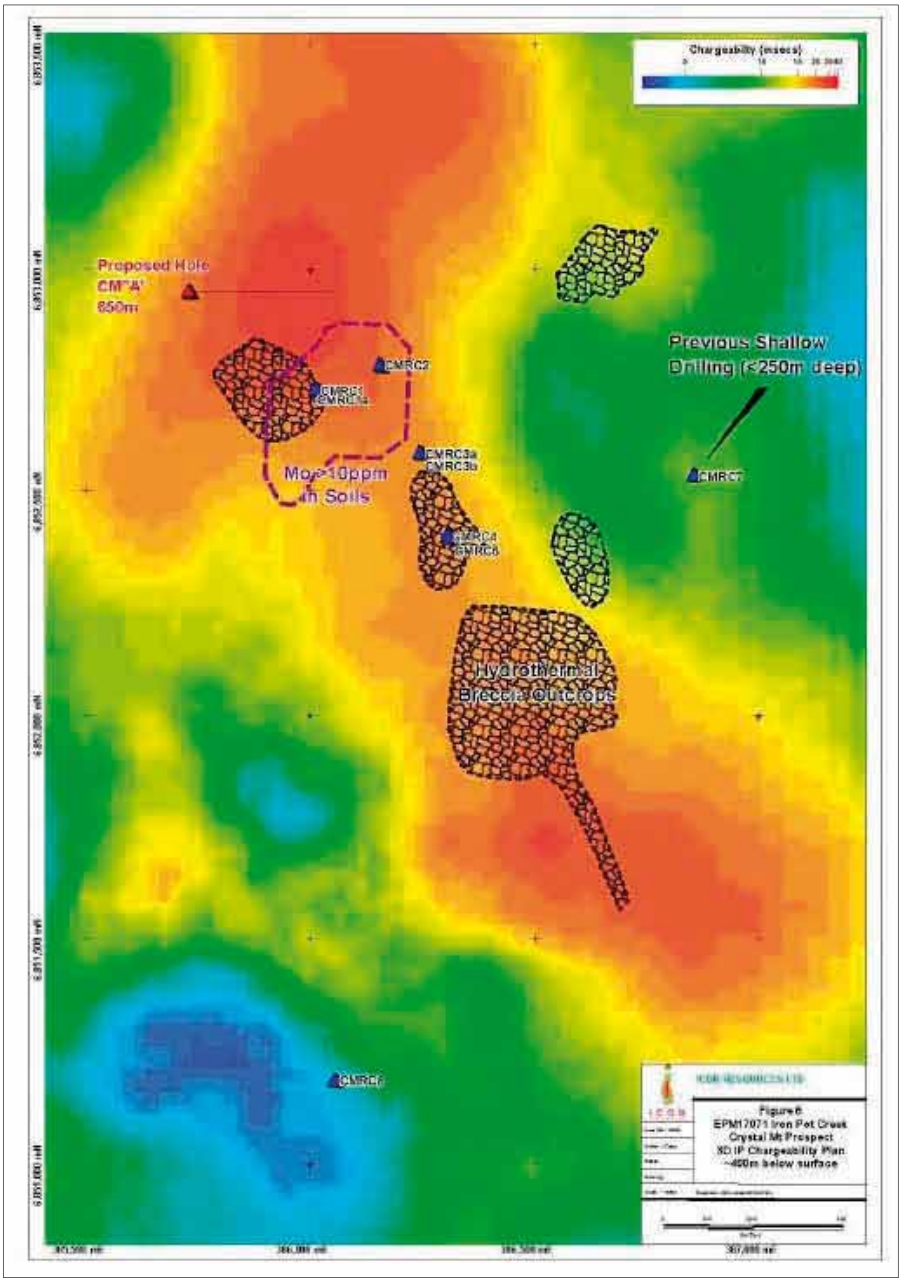

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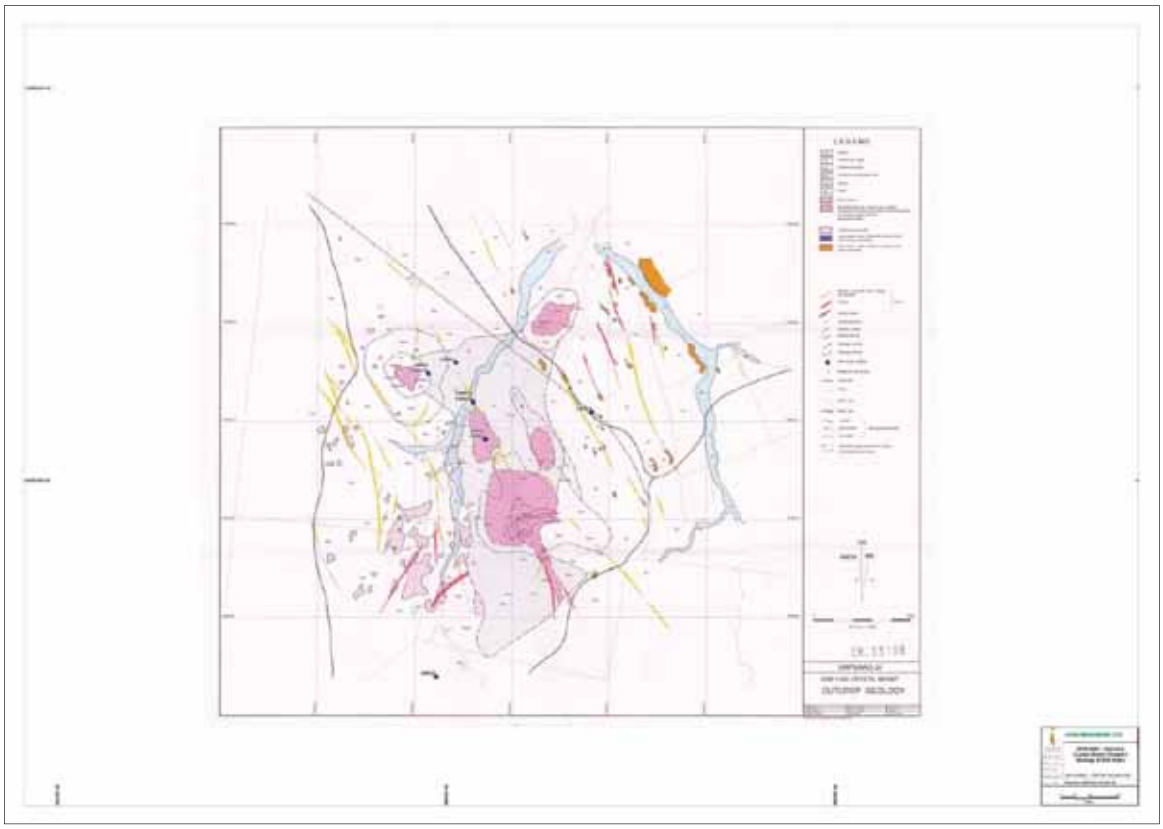
Figure 10 – Iron Pot Creek Shallow Hole Locations and Geology
(from Carbine Tungsten Limited (Capp et al., 2008))



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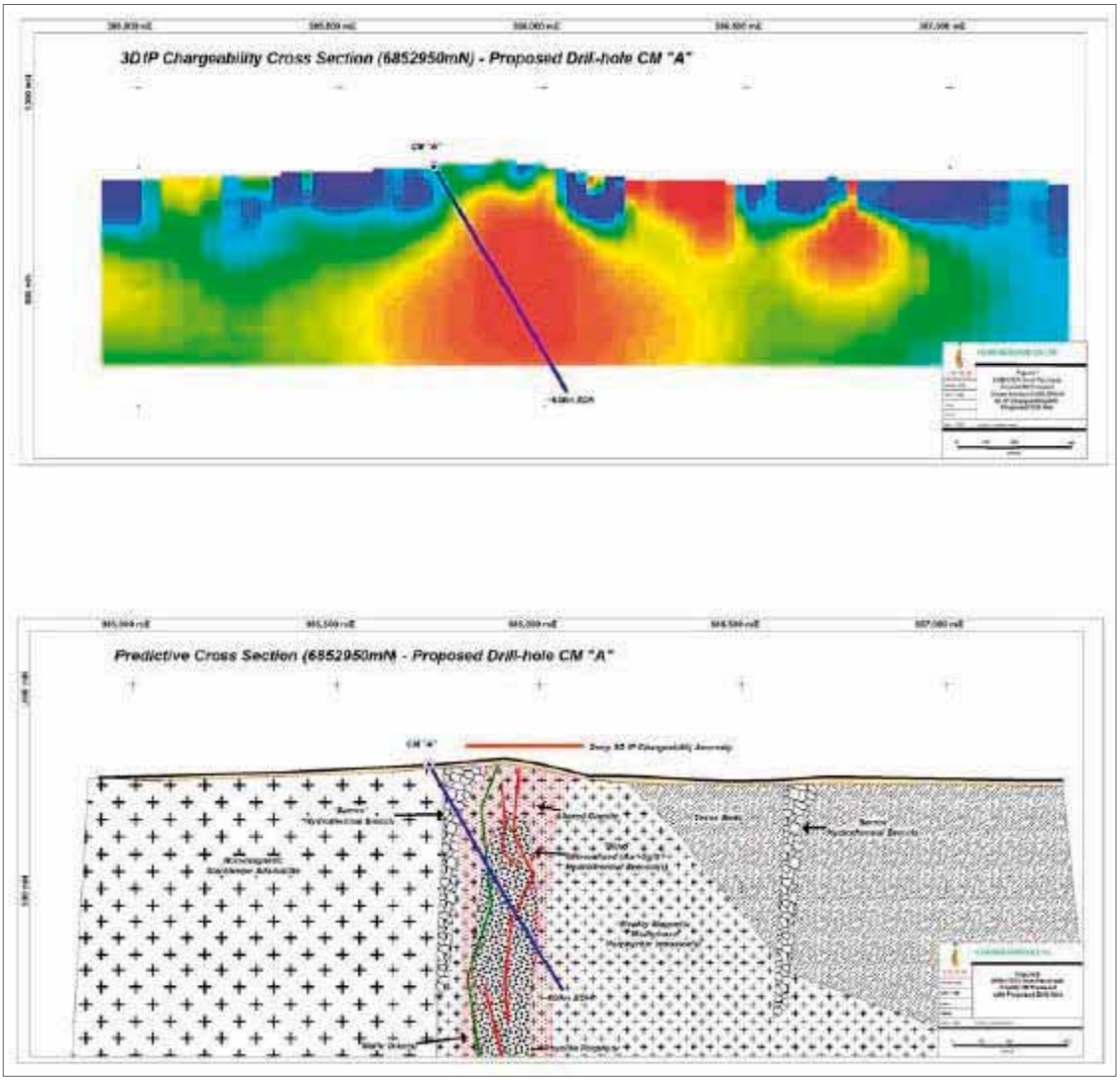
Figures 11 and 12 – Iron Pot Creek Prospective Deep Hole with 3D IP and Geology (from Carbine Tungsten Limited (Capp et al., 2008))



5.5 Current Exploration

Subject to completion of the Carbine Agreement Spencer will obtain a 75% interest in EPM 17071 from Carbine, with the option to gain 100% interest within two years. Spencer has engaged Apex to perform a review and compilation of available data and complete an Independent Geologist Report on behalf of Spencer.

5.6 Metallurgy

Apex is not aware of any metallurgical work completed on the Iron Pot Creek Project.

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5.7 Mineral Assets, Resources and Ore Reserves

The Iron Pot Creek Project can be defined as an exploration area with reference to the definition found in the Valmin Code, "Exploration areas refer to properties where mineralisation may or may not have been identified but where specifically a JORC compliant mineral resource has not been identified." Due to the current stage of exploration there is not sufficient geological knowledge to provide a resource estimate, although a summary of exploration potential is discussed below.

5.8 Exploration Potential

Apex considers EPM 17071, the Iron Pot Creek Property, an early exploration prospect. The primary aim for the Property is to discover a large tonnage, low-grade intrusion related Au deposit at the Crystal Mount Prospect. The region is prospective for Cadia-type porphyry Cu-Au deposits and IRGS similar to the breccia-hosted Mt Leyshon and Kidston Au deposits (Milburn *et al*., 2010). Recent successes by other companies resulted from drilling beneath extensive hydrothermally altered zones (upper "barren" zones) and discovering large intrusive-related hydrothermal Au systems at depth, like that of Cadia East, New South Wales. The IRGS potential of the region is highlighted by deposits like Timbarra and Tooloom at the southern end of the NEFB (McKay and Wake, 2006). IRGS were only recently recognised as a distinct deposit type (<15 years) and application of the model to Australian geology is just commencing, led by companies like Signature Gold who have several IRGS-like targets in the New England Orogen, only 400 km north of the Iron Pot Creek Property.

Shallow drill hole results obtained by Carbine in 2006 intersected felsic porphyries, a rock type commonly associated with intrusion-related Au mineralization. Hydrothermal breccias were also intersected in the upper part of a zoned alteration system, and although not mineralised, it does not preclude the possibility of mineralisation at depth, such as at Mt Leyshon (Orr, 2004). Propylitic and phyllic alteration assemblages with zones of disseminated and vein-hosted pyrite often related to large intrusive-related Au systems are also present. Unexplained magnetic and 3D IP chargeability anomalies exist at depth at the Crystal Mount Prospect which may represent significant Au mineralisation (Capp *et al*., 2008).

The aim for the Logan Creek target will be to further explore and define the disseminated Mo mineralisation within the granitic host.

5.9 Exploration Strategy and Budget

Year 1

Initial work should include a reassessment of the 3D IP geophysics in order to determine the best target for a deep drill hole test (~650 metres) at Crystal Mount; additional geophysical surveys may be required to refine the target including downhole EM or IP (Table 4). Further study of the correlations between Crystal Mount and similar deposits like Cadia and Mt Leyshon are also required.

The Logan Creek Mo property will require further data compilation and regional studies including mapping, stream sediment and rock chip sampling with limited shallow drilling pending results of the regional exploration.

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Table 4 - Exploration Budgets for Years 1 and 2 – Iron Pot Creek

Proposed Exploration Expenditure	Year 1	Year 2	Total
Data review, re-processing & interpretation	20,000	-	20,000
Geology, mapping & sampling	35,000	35,000	70,000
Geophysics	35,000	45,000	80,000
Geochemistry, assays, etc	12,000	15,000	27,000
Drilling - regional geochemistry, shallow	15,000	25,000	40,000
Drilling - target evaluation, deep	135,000	135,000	270,000
Tenement management / program approvals / heritage	3,500	3,500	7,000
Administration & corporate	35,000	35,000	70,000
TOTAL	290,500	293,500	584,000

Year 2

Any work in year 2 will be contingent on the results from the first year exploration. Regional programmes around Crystal Mount would include mapping, soil and rock sampling with potential IP geophysical surveys and shallow drill testing. Continued work focused on Crystal Mount will be dependent on the results of the deep drill test and possible downhole geophysics from year 1; an additional deep drill hole is budgeted for year 2 expenditures.

6. MT. DOUBLE AND PANDURRA PROJECTS

6.1 Location and Access

The Mt. Double project is located approximately 205 km west-southwest of Port Augusta, the Pandurra Block is 68 km northwest of Port Augusta (Figure 3 and 13). Port Augusta is located 307 km from Adelaide. The properties can be accessed by a combination of bitumenized roads and dirt tracks.

6.2 Tenure

The Mt. Double and Pandurra projects comprise three exploration licences and one exploration licence application covering 129,300 hectares. All of the tenements are registered with Minotaur Operations Pty Ltd. Spencer will obtain a 70% interest in the Mt Double licence and an 80% interest in the Pandurra Block upon completion of the Minotaur agreement.

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6.3 Local Geology and Mineralisation

Mt. Double

Mt. Double is located on the western portion of the Gawler craton. A portion of the craton is classified as the Archean Sleaford Complex, which consists of ortho- and paragneisses, iron formation and granulite, which has been intruded by felsic granitoids. Paleoproterozoic granitoid emplacement included the Tunkillia suite granites (~1690Ma) and the St Peter Suite (~1620Ma). These suites were likely synorogenic with deformation during the late stages of the Kimban and Kararan orogenies. These deformational periods caused major shear zones to develop, including the north-trending Yarlbrinda shear zone. The Yarlbrinda shear zone is several kilometres wide with ductile shearing and deformation occurring before ~1600 Ma. During the Mesoproterozoic a widespread magmatic event took place across the central portion of the craton. This event resulted in the formation of the Gawler Range Volcanics, the intrusion of the Hiltaba Suite Granites, and the emplacement of minor gabbroic plugs (Figure 14). This volcanic event was also responsible for the development of Cu-Au +/- U mineralisation at Olympic Dam and Prominent Hill, Au mineralisation present at Tunkillia and Tarcoola and base-metal-bearing hydrothermal breccias as evidenced by the Paney and Tin Hut prospects on the Mt Double licence (Figure 15).

Gold mineralisation at the Barns and White Tank prospects, the former located 12km south of the Mt Double licence, is hosted within Tunkillia Suite granodiorites spatially associated with HSG granitoids and has returned significant intersections including 12m at 3.38 g/t Au at Barns and 17m of 3.47 g/t Au at White Tank (Drown, 2003). Other gold prospects along the southern Yarlbrinda Shear Zone, including Myall, Sheoak and Bimba located 80km northwest of the Mt Double licence, were discovered by calcrete sampling and subsequent drill programmes which included intercepts of 7m of 3.1 g/t Au at Sheoak (Parker, 2003). The Tunkillia prospect, jointly controlled by Minotaur Exploration and Helix Resources, in the northern Yarlbrinda Shear Zone has a JORC compliant resource of 803,000 ounces (oz).

Significant base metal mineralisation is present approximately 80km east of Mt Double at the Menninnie Dam and Telephone Dam deposits owned by Terramin Australia Limited and Trafford Resources Limited, respectively. Menninnie Dam currently has a JORC-compliant Inferred Resource of 7.7 Mt at 3.1% Zn, 2.6% Pb and 27 g/t Ag at a 2.5% Pb+Zn cut-off (www.terramin.com.au). Immediately to the east of Menninnie, the Telephone Dam deposit has produced recent drill results including 12m at 6.53% Pb+Zn and 93 g/t Ag with zones remaining open in two directions and at depth (Trafford ASX Announcement, 21 June 2011).

Recent work by Investigator Resources Limited (Investigator) has identified high grade silver-lead mineralisation, with lesser gold, 25km east of the Mt. Double tenement within their Peterlumbo JV with Mega Hindmarsh Pty Ltd. The Paris prospect was identified by silver-in-soil geochemical anomalies and subsequent aircore drilling including intersections of 29 m of 155 g/t Ag and 2.5% Pb and 37m of 91 g/t Ag (Investigator ASX Announcement, 18 August 2011). Additional drill results included 4m of 913 g/t

Ag hosted in fresh, sulphide-bearing bedrock (Investigator ASX Announcement, 2 September 2011). This epithermal style mineralisation is genetically linked to northeast-striking rhyolite dykes and northwest-striking structures, all largely hosted within carbonate/clastic sedimentary rocks. The rhyolite dykes are interpreted to part of the HSG (Investigator ASX Announcement, 18 August 2011). Soil sampling has identified four additional high-priority silver targets in this newly-recognised Peterlumbo epithermal field.

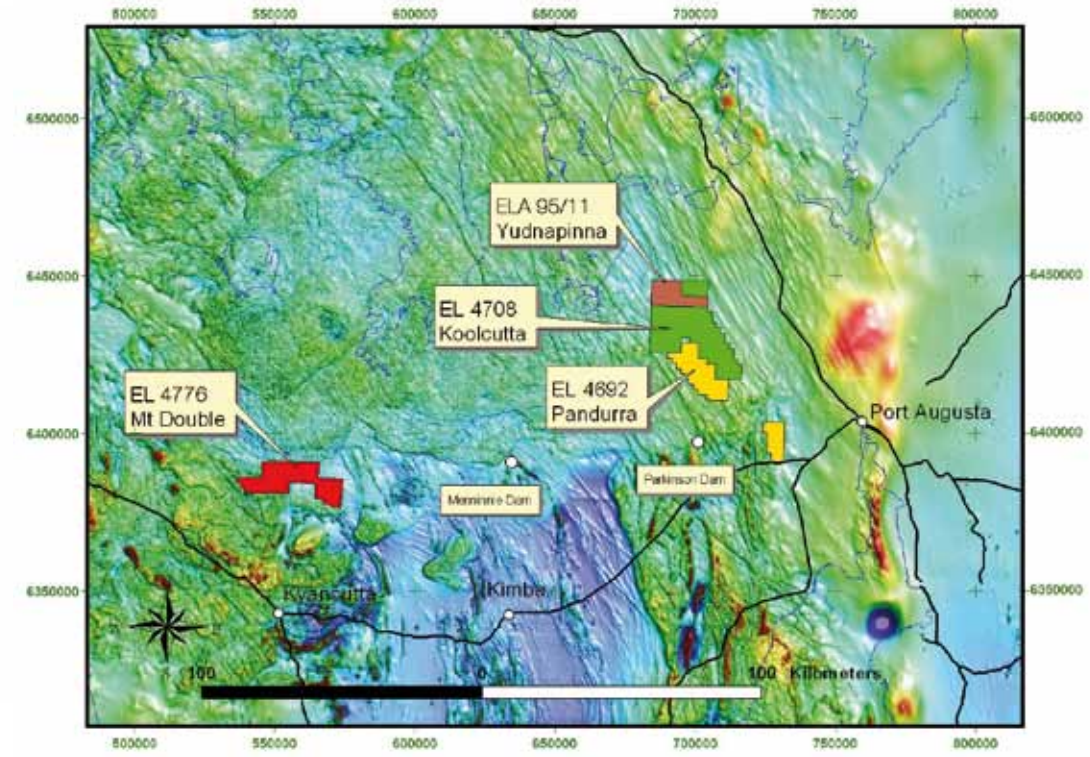

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Figure 14 – Mt Double Local Geology

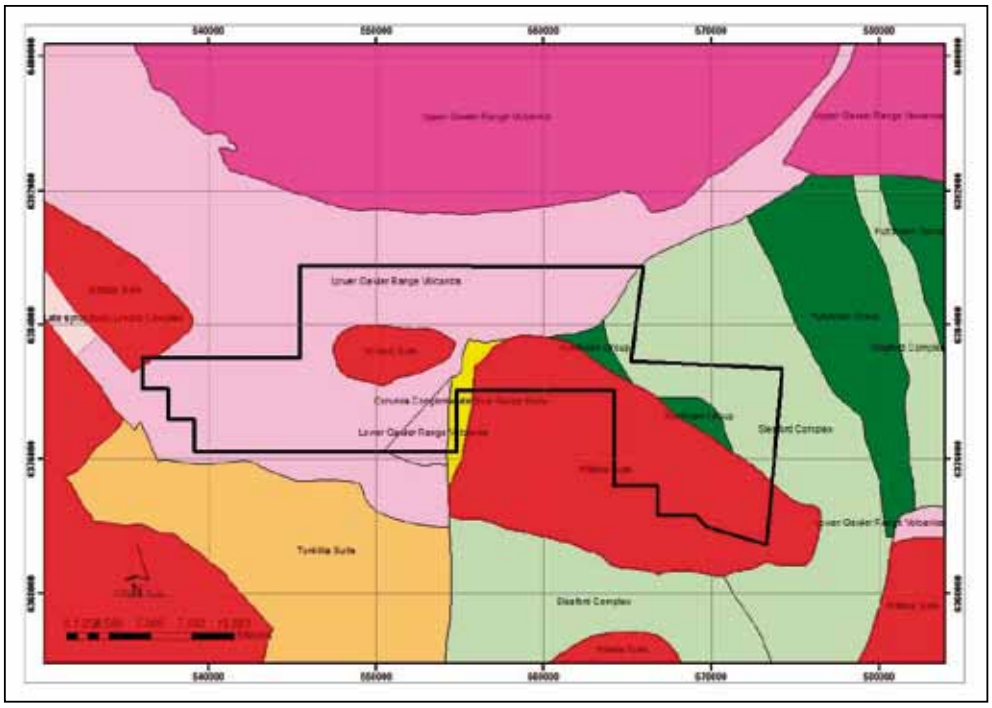

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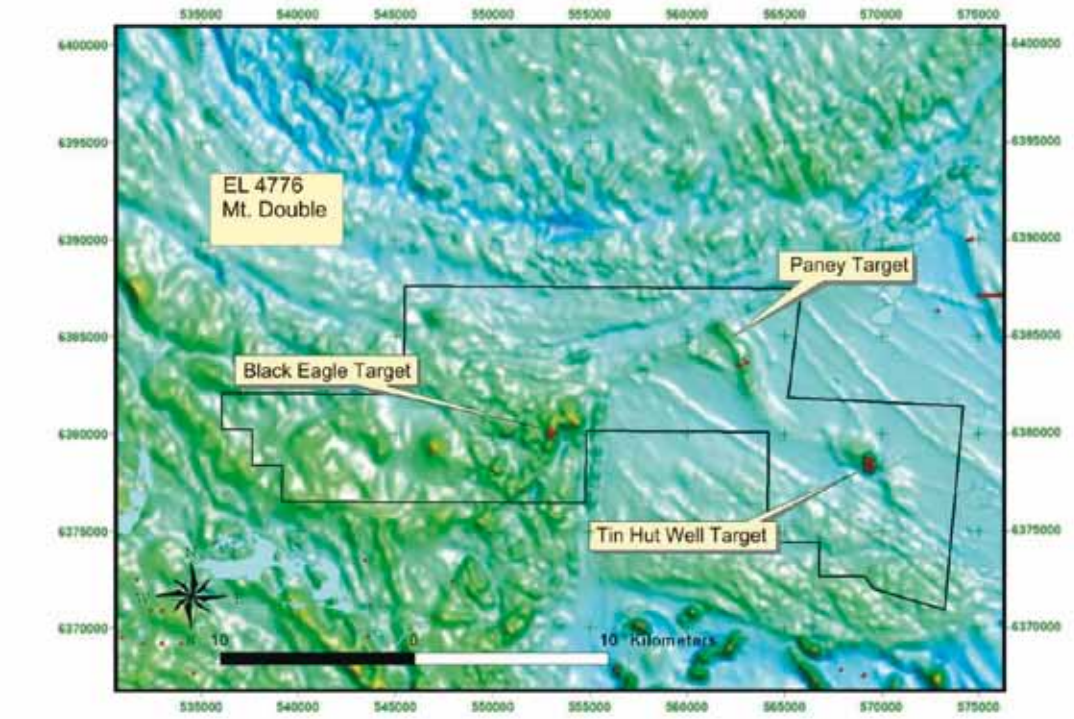
Figure 15 – Mt Double Magnetic Image with Prospects



Pandurra Block

The Pandurra Block is located within the Pandurra Formation, a thick, monotonous unit of unmetamorphosed, flat-laying arenaceous sediments deposited on the northwestern segment of the Gawler Craton (Figure 6). The Pandurra Formation principally comprises a medium- to coarse-grained, subangular, poorly sorted, lithic and quartz sandstone, with lesser shales, well sorted medium-grained sandstones and pebble conglomerates (Figure 16). The sediment package was deposited in the intracratonic Cariewerloo Basin. Northwest-trending dolerite dykes of the Neoproterozoic Gairdner Dyke Swarm were emplaced during a period of crustal extension. The Pandurra Formation was dated using Rb-Sr geochronology on interbedded shale and siltstone units which indicated a pre-Adelaidean (Mesoproterozoic) age of 1424 +/- 51 Ma (Cowley, 1993).

Copper mineralisation is concentrated along the contact of the Pandurra Formation and the overlying Whyalla sandstone and/or the Woocalla dolomite members of the Tapley Hill formation. Mineralisation consists of chalcocite, bornite, covellite, malachite, atacamite, and chrysocolla as cement for the Whyalla sandstone and as fracture filling found within the Pandurra Formation.

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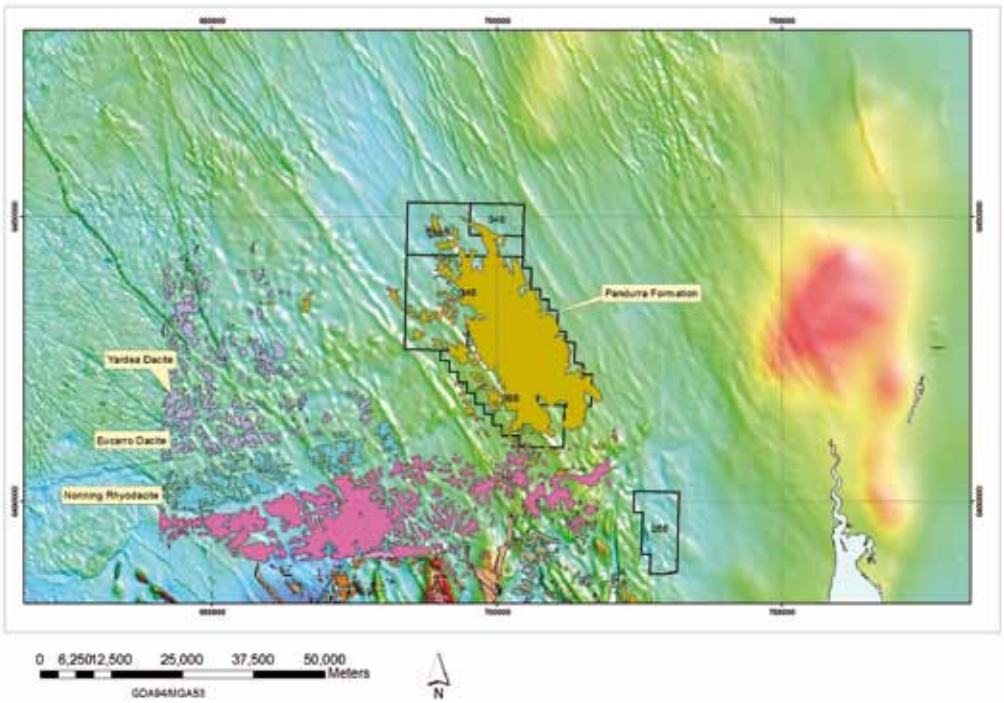
Figure 16 - Pandurra Block Outcrop Geology on Regional Magnetics (TMI)



6.4 Exploration History

Mt. Double

Past programmes in the Mt. Double area have included exploration for uranium, gold, diamonds and base metals (Table 5). From 1979-1981, Carpentaria Exploration Company Pty Ltd conducted regional work in the Mt Double area exploring for roll front uranium deposits with magnetic, resistivity and radiometric geophysical surveys and shallow drilling. This work is detailed in PIRSA Open File Envelope No. 3716. Pegmin Ltd held exploration licence (EL) 0511, which partly overlapped the eastern extent of the Mt Double licence, for a five month period in 1979-1980 during which regional mapping and sampling of nine radiometric anomalies was conducted; the anomalies were determined not to be the result of uranium mineralisation.

Early diamond exploration in the late-1960's included broad-spaced, regional sampling which identified a potential kimberlite indicator mineral near Unalla Hill. Follow-up sampling in 1979 confirmed the positive mineral indicators which led Stockdale Prospecting Ltd to obtain EL0843, and several adjoining licences, for twenty-four months starting in May of 1981; this tenement covered most of the Mt Double licence and covered >600km^2. Work included airborne magnetic, radiometric and very-low-

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frequency (VLF) geophysical surveys with subsequent ground magnetic surveys in areas of interest. Reconnaissance heavy mineral and detailed follow-up sampling was conducted which identified thirty-one anomalies including Unalla Hill. By June 1983 Stockdale reacquired the area formerly covered by EL0843 as the slightly larger EL1158. Over the next five years, follow-up geophysics included airborne and ground magnetic, gravity and Sirotem surveys coupled with additional heavy mineral sampling, mapping and drilling of two holes totalling 108m. These holes tested magnetic anomalies GR08 and GR17 intersecting rocks of significant magnetic susceptibility thereby explaining the geophysical anomalies and degrading the potential for diamond-bearing kimberlite in the area.

During this period Shell Company of Australia Ltd (Shell, later Billiton Australia (Billiton)) and Western Mining Corporation (WMC) were exploring EL1158 for base metals and gold. Shell's base metal exploration comprised interpretation and processing of Stockdale's airborne magnetic surveys, new ground magnetic and Sirotem surveys, downhole TEM logging, soil and rock sampling, RAB and percussion drilling for bedrock samples, diamond drilling at the Paney prospect and lead isotope studies on drill core. The RAB and percussion drilling totalled 10,462m in 383 holes whilst core drilling comprised two holes (PE1 and PP1) for 547 total metres. Drillhole PP1 was drilled to a total depth of 309 metres and included eleven samples with greater than 1% Pb and nine samples with greater than 1% Zn; maximum values were 3.4% and 9% respectively. Gold exploration by WMC consisted of regional, stream sediment bulk leach gold sampling and Sirotem surveys over three prospects. All work carried out from 1981-1988 by Stockdale, Shell-Billiton and WMC is detailed in PIRSA Open File Envelope Nos. 4267, 4747 and 5430.

CRA Exploration Pty Ltd (CRA) was granted EL1384 for a forty month period in March 1987; this tenement overlapped the southwest corner of the current Mt Double licence and extended west. CRA was exploring for uranium, heavy mineral sands, base and precious metals and diamonds via airborne magnetic and radiometric surveys, reinterpretation of existing geophysical data, ground magnetic, IP and gravity surveys, rock and loam sampling and drilling. Drilling comprised 1707m in 106 RAB holes, 1599m in 67 RC holes, 445m in 3 percussion holes and 277m in 2 diamond core holes. Results were largely disappointing including trace ilmenite and zircon in Tertiary sands and poorly reproducible gold assays from the Mambrae prospect. This work is detailed in PIRSA Open File Envelope No. 6459.

CRA obtained EL1626, 1627 and 1652 for less than one year periods in 1989-1990; these tenements adjoin the current Mt Double licence to the north. Gold, base metal and diamond exploration was conducted over this short period and included regional and detailed sampling of gravel, stream sediment and rock chips, mapping, airborne magnetic and radiometric surveys, and ground magnetic and gravity surveys. Minor Pb-Zn-Cu mineralisation was identified at the Sherry Dam prospect. This work is detailed in PIRSA Open File Envelope No. 8293.

Aberfoyle Resources Ltd (Aberfoyle) acquired EL1568 and EL1584 for a sixty month period initiated in 1989; these tenements covered the central and eastern portions of the current Mt Double licence and extended east. Aberfoyle conducted field reconnaissance and rock chip sampling over prospective areas identified from historic aeromagnetic and Landsat imagery in search of base metals in EL1568; the bulk of this work was off the current EL 4776. Work on EL1584 included ninety follow-up

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RAB and RC holes on the Paney grid and a further ninety-nine RAB and RC holes at the Tin Hut Well Prospect which returned a combined 3.6% Pb and Zn. A geochemically anomalous zone (1.8 x 0.25km) of bedrock was outlined with Pb and Zn values in excess of 1000ppm and Cu >500ppm. Drill results from Sirotem conductors also returned anomalous base metal abundances of 0.7 to 1.4% combined Pb and Zn. This work is detailed in PIRSA Open File Envelope Nos. 8209 and 8560.

In 1994 Aberfoyle renewed their interest in the area with EL1968 and EL1969 which covered the central and eastern portions of the Mt Double licence. Efforts to attract joint venture partners to undertake exploration were not successful and no work was conducted within the newly granted licences.

Minotaur Gold NL and Aurora Gold Pty Ltd acquired EL2260 in 1997 which closely resembled the outline of the current Mt Double licence. The companies conducted regional calcrete sampling on 1km centres with 500m infill centres over areas with Au, Cu, Mo and As anomalies. Eighteen sample localities generated Ag anomalism up to 161 ppb whilst no significant anomalism was recognized in more detailed sampling over the Paney grid, where previous explorers had drilled. Ground magnetic surveys defined two prospects (Tin Hut and Allalone) that warranted drilling. Thirteen aircore holes totalling 590.5m were drilled at Tin Hut which intersected significant silver and base metal mineralisation including 17m of 0.14% Cu, 0.24% Pb, 0.54% Zn and 15 g/t Ag. The Allalone prospect was drilled with two aircore and one RAB hole which intersected polymict conglomerate and altered diorite with elevated Cu and Zn. This work is detailed in PIRSA Open File Envelope No. 9329.

Minotaur Exploration Ltd was granted EL3456 which also closely resembled the outline of the current Mt Double licence. As part of a government funded exploration initiative, PIRSA conducted a regional gravity survey, with a 2 x 2km station spacing, which covered EL3456. This survey failed to reveal any significant positive Bouguer anomalies within the tenement. Compilation of relatively sparse PIRSA geochemical data from within the tenement depicted expected anomalism of Pb and Zn at the Paney and Tin Hut prospects. During this period to the 14th of April 2011 (Note: arrangement terminated by letter from Toro dated April 14, 2011), the legal right to uranium mineralisation was granted to Toro Energy Ltd who processed Advanced Spaceborne Thermal Emission and Reflection Radiometer (ASTER) data in an effort to identify Tertiary paleochannels with the potential to host sedimentary uranium mineralisation. Optimal ASTER data would have been acquired at night to more easily allow heat recognition from the deeper paleochannels but the data used in the processing was heavily affected by vegetation response and did not allow for a definitive analysis. No features of interest were mapped from the ASTER data.

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Table 5 – Summary of Mt. Double Exploration History

Date	Company	Work Summary
1979-1981	**Carpentaria Exploration Company Pty Ltd**	Explored for roll-front U deposits with magnetic, resistivity and radiometric geophysical surveys and shallow drilling.
1979-1980	**Pegmin Ltd**	Uranium exploration including mapping and sampling of nine radiometric anomalies, determined not to be result of U mineralization.
1981-1988	**Stockdale Prospecting Ltd**	Diamond exploration with heavy mineral sampling, airborne magnetic, radiometric and very-low-frequency (VLF) geophysical surveys with subsequent ground magnetic, gravity and Sirotem surveys, mapping and minor drilling. Magnetic anomalies were explained by non-kimberlitic rocks.
1983-1988	**Shell Company of Australia Ltd and WMC**	Shell conducted base metal exploration using Stockdale's airborne geophysical data, soil and rock sampling, ground magnetic and Sirotem surveys, and drilling at Paney. Gold exploration was carried out by WMC using Sirotem surveys and stream sediment sampling.
1987-1990	**CRA Exploration Pty Ltd**	Exploring for uranium, heavy mineral sands, base and precious metals and diamonds via airborne magnetic and radiometric surveys, reinterpretation of existing geophysical data, ground magnetic, IP and gravity surveys, rock, stream sediment and loam sampling and drilling.
1989-1994	**Aberfolye Resources Ltd**	Field reconnaissance and rock chip sampling was carried out over prospective areas identified from historic aeromagnetic and Landsat imagery in search of base metals with drilling at Paney and Tin Hut Well.
1997-2001	**Minotaur Gold NL and Aurora Gold Pty Ltd**	Regional calcrete sampling and ground magnetics identified drill targets at Tin Hut and Allalone.
2005-2008	**Minotaur Exploration Ltd and Toro Energy Ltd**	PIRSA conducted a regional gravity survey which did not produce significant Bouguer anomalies on the licence. Toro reviewed ASTER data for uranium mineralisation, poor data did not allow for definitive evaluation.

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Pandurra Block

Historic exploration work within and proximal to the Pandurra Block has been primarily focussed on uranium, diamonds, base metals and lesser gold with drilling programmes directed at IOCG and base-metal mineralisation (Table 6).

Pacminex Pty Ltd conducted base metal exploration over EL50 from 1973 over a four year period; this licence overlapped the eastern half of the current Yudnapinna licence. Airborne geophysics, sampling and RAB and percussion drilling were conducted to evaluate the mineralisation potential of the disconformity between the Pandurra Formation and the overlying sediments. Mount Gunson Mines also conducted work on EL50 during this time including mapping, rock sampling and drilling. This work is detailed in PIRSA Open File Envelope nos. 2273, 6591, 6623, and 6667.

EL 352 was granted to Abminco NL in April 1977, this licence covered much of the Pandurra Block. After a literature review and field reconnaissance, Abminco carried out a drill program across EL 352 to test for sedimentary Cu deposits. Eleven holes were completed over the property with YP1, 5 and 11 passing through quaternary sands and ending in the Pandurra Formation quartzite. Assay results showed no anomalies and a very low concentration of Cu, Pb, and Zn. On this basis Abminco discontinued exploration on EL 352.

For a ten year period starting in 1975 CSR Ltd explored for base metals on EL186, EL 332, EL534 and EL 952, the latter of which overlapped the current Pandurra licence. CSR carried out comprehensive geophysical surveys including airborne magnetics and EM and ground magnetic, resisitivity, gravity, Sirotem, seismic reflection and IP. Sampling efforts included surface water, biogeochemical, ground water and rock chips. This work coupled with desktop studies led to numerous drilling campaigns including 2086m in 48 percussion holes, 1010m in 11 stratigraphic holes, 15,129m in 112 open drillholes and 9927m in 49 diamond holes. Several intersections of anomalous base metals were reported in the Adelaidean rocks. Work on EL332, which overlapped the eastern extent of ELA 95/11, from 1978-1981 was exploring for a Roxby Downs-like prospect through interpretation of regional magnetic and gravity geophysical data however such a target was not identified. This work is detailed in PIRSA Open File Envelope nos. 2564, 2720, 3024, 3552, 6591, 6611, 6640, 6667, 6676 and 6962.

Australian Selection Pty Ltd acquired EL302 and 509 for variable durations from 1977-1980. The bulk of this work occurred outside of the Pandurra Block and was poorly reported. PIRSA open file envelope 2992 outlines some of this work including a three hole percussion drilling programme aimed at potential base metal mineralisation at the top of the Pandurra Formation, results did not warrant further work. Seltrust Mining acquired EL768 in 1980 which overlapped EL302 and 509. Geochemical analysis was conducted on core from diamond drill hole SAD-1 which did not return appreciable values for base metals or uranium. This work is detailed in PIRSA Open File Envelope no. 4115.

From 1978-1985 Esso Australia Ltd and Samedan Oil Corp explored EL398, EL692 and EL1041 for Cu and U; these licences covered the southern extents of the current Pandurra licence. This work focussed on copper-bearing breccias and sediments proximal to the Roopena Fault and Olympic Dam style mineralisation. Work by Esso comprised drill testing of magnetic and gravity anomalies for Olympic

Dam mineralisation totalling six percussion, four diamond and 535 RAB drillholes. Sameden completed six shallow diamond holes which intersected stratabound base metals at the Fresh Well and 1050 prospects and Cu-Ag mineralisation in breccias adjacent to the Angle Dam Porphyry near the 1050 prospect. This work is detailed in PIRSA Open File Envelope no. 3292.

Exploration licence 529 was obtained by Sameden of Australia for a two year period in 1979, this licence overlapped the bulk of the Pandurra Block. Sameden carried out airborne magnetic and radiometrics followed by ground magnetic and EM surveys coupled with mapping and the drilling of two percussion holes for 485 total metres. The holes intersected underlying Pandurra Formation and GRV, assays were not reported. This work is detailed in PIRSA Open File Envelope no. 3613.

BHP Minerals Ltd explored for diamonds and base metals on EL790, which overlapped the western edges of the Yudnapinna and Koolcutta licences, for a sixteen month period starting February 1981. Thirty-six rotary/percussion holes were drilled for a total of 702m and returned no kimberlitic rocks or significant base metal values. This work is detailed in PIRSA Open File Envelope no. 4215

PCN Exploration (Australia) Pty Ltd acquired EL1339 in 1986 to explore the southern area of the current Pandurra licence for uranium with regional mapping, IP, magnetic and alpha card radon surveys and RAB drilling which totalled 3583m in 87 holes. Drilling tested several radiometric anomalies determined by reprocessing of existing regional data and uncovered U-Cu anomalism at dolerite dyke contacts at the Wartaka prospect and elevated U-Cu values in drill cuttings proximal to the Roopena Fault. This work is detailed in PIRSA Open File Envelope no. 6778.

Licence EL1581 was granted to Burmine Ltd in 1989 for the purposes of iron ore evaluation; this licence covered the southern area of the current Pandurra licence. Exploration work included data review and minor field reconnaissance and is summarised in PIRSA open file envelope no. 8184.

Aberfoyle Resources Ltd explored for base metals on EL1735 and EL1855 from 1991-1992 and 1993-1996, respectively. These licences covered the southern and western extents of the current Pandurra licence. Rock chip sampling identified anomalous Pb (2.88% maximum) and Cu (0.67% maximum) on EL1735 which led to a RAB drilling program of 1610m in 52 holes. The drill results were disappointing and downgraded the prospectivity of the anomalous zones. Rock sampling on EL1855 returned anomalous Cu, Pb, Zn and As near Mt Miccollo. A discrete, circular magnetic anomaly was identified from historic airborne surveys and interpreted as a Gawler Range volcanic vent. Neither the vent nor the anomalous rock chip areas were drill tested. This work is detailed in PIRSA Open File Envelope nos. 8520 and 8818.

Exploration licence 2321 was granted to Acacia Resources in April 1997 for a five year term, this tenement covered much of the current Pandurra Block. The tenement was transferred to Anglogold Australia Ltd following a takeover of Acacia in 2000 and subsequently included into the Gawler Craton Joint Venture (GCJV) with Helix Resources in mid-2001. Helix explored for gold and base metals with regional geological reconnaissance, and rock and calcrete sampling. This work is detailed in PIRSA Open File Envelope no. 9398.

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In 2002, Avoca Resources Ltd was granted EL2924 which overlapped much of the Pandurra Block. Avoca was primarily interested in IOCG mineralisation acknowledging the potential for stratiform copper and Roopena-style Au deposits. Initial work included data compilation and interpretation including historic geochemical and geophysical data. Regions with coincident magnetic and gravity anomalies were selected for infill ground gravity surveys and geochemical sampling, the latter of which comprised sampling frequencies ranging from 4km by 4km to 1km by 500m. A ground gravity survey was conducted over the western extent of the Pandurra Block (340 stations) whilst a calcrete sampling programme covered a portion of the Pandurra Block to the southeast. The calcrete sampling identified some gold anomaly trends in the area with peak values of 8.2 ppb but the licence was given only a moderate prospectivity rating and deemed unfit for future work. This work is detailed in PIRSA Open File Envelope nos. 9953 and 9986.

Minotaur obtained EL3416 in 2005 comprising two sub-blocks which overlap the majority of the current Pandurra Block. Minotaur felt this area had not been sufficiently gravity-surveyed for effectual evaluation of the IOCG potential. Haines Surveys Pty Ltd was engaged to conduct an exploration gravity survey over the licence with a 2 x 1 km grid and local 1 x 1 km and 400 x 400 m coverage for a total of 842 stations. These surveys did not reveal any significant regional gravity anomalies so the IOCG potential of the area was considered low. Uranium mineralisation at the base of the Pandurra Formation was also considered and the U rights were divested to Toro Energy Ltd (arrangement terminated by letter from Toro dated 17 August 2009). Toro Energy sampled Tapley Hill Formation rocks near the Pandurra Copper prospect which returned anomalous base metals including 9.8% Cu. Resampling of historic drilling by Pacminex was also completed. Eighteen samples were submitted for multi-element analysis; there were no anomalous uranium values however there were elevated levels of Cu, Pb, Zn, As, Cd, Sb, Ag, and Mo. The maximum values of this resampling were found in Pacminex diamond drill hole J12 from 120-124 m, recorded values ranged from 0.38%-0.56% Cu, 0.23-1.86% Pb, and 0.25-0.35% Zn. Toro concluded that U exploration should focus on the Paleoproterozoic-Mesoproterozoic rocks in search of unconformity- or IOCG-related mineralisation.

In 2010 and 2011 a government funded program was completed over the Cariewerloo Basin to study the potential for unconformity related U deposits which constitute one-third of the world's uranium resources (World Nuclear Association 2010). PIRSA, in collaboration with the Saskatchewan Ministry of Energy and Resources (Canada), is actively comparing the Cariewerloo Basin to the Athabasca basin in Saskatchewan, Canada. This work has entailed lithostratigraphic logging of thirteen drillholes, handheld XRF analysis of each drillhole, 2.5D modelling of the internal stratigraphy of the Pandurra Formation, HyLogger 2 diagrams and downhole mineralogy plots, basement modelling from historic magnetics data and acquisition and interpretation of new airborne EM data over the Cariewerloo Basin. This work is ongoing but the participant's early conclusions suggest a strong potential for the Cariewerloo Basin to host unconformity-related deposits.

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Table 6 – Summary of Pandurra Exploration History

Date	Company	Work Summary
1973-1977	**Pacminex Pty Ltd**	Airborne geophysics, sampling and RAB and percussion drilling were conducted to evaluate the base metal mineralisation potential of the disconformity between the Pandurra Formation and the overlying sediments.
1973-1975	**Mount Gunson Mines**	Geological mapping, rock chip sampling and drilling completed on the property.
1977-1978	**Abminco NL**	After a literature review and field reconnaissance, Abminco carried out a drill program to test for sedimentary Cu deposits. Assay results showed no anomalies and a very low concentration of Cu, Pb, and Zn.
1975-1985	**CSR Ltd**	Aerial magnetic and EM surveys, ground magnetic, IP and a resistivity survey in addition to percussion, stratigraphic, diamond and open hole drillholes were completed. Sampling comprised surface and ground water, biogeochemical and rock chips. Numerous base metals were discovered in the Adelaidean rocks. Roxby Downs-type mineralisation was also evaluated through regional geophysical data but such a target was not defined.
1977-1980	**Australian Selection Pty Ltd**	A three hole percussion program was carried out to test the margin of the Tapley Hill Formation for base metals.
1978-1985	**Esso Australia Ltd and Sameden Oil Corp**	Focussed on Cu and U with drilling of Olympic Dam-style geophysical signatures (Esso) and stratabound and breccias-hosted base metal mineralisation (Sameden).
1979-1981	**Sameden of Australia**	Airborne magnetic and radiometrics were followed up by ground magnetic and EM surveys, mapping and percussion drilling.
1980	**Seltrust Mining**	Sampled historic diamond core for geochemical analysis which did not return appreciable values for base metals or uranium.
1981-1982	**BHP Minerals ltd**	Rotary/percussion holes were drilled, no kimberlitic rocks were intersected.

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1986-1988	**PCN Exploration (Australia) Pty. Ltd**	Regional mapping, IP, magnetic and alpha card radon surveys were followed with RAB drilling on radiometric anomalies. Elevated U-Cu abundances were uncovered at dolerite dyke contacts and proximal to the Roopena Fault.
1989-1990	**Burmine Ltd.**	Data review and field reconnaissance was completed for iron ore evaluations.
1991-1996	**Aberfoyle Resources Ltd**	Rock chip sampling and Pb isotopic determination of surface samples was completed and returned anomalous Cu, Pb, Zn and As. RAB drilling was carried out which downgraded the anomalous zones.
1997-2002	**Acacia Resources Ltd**	Exploration was completed to identify Cu-Au mineralization via regional scale geological reconnaissance and rock chip and calcrete sampling.
2002-2004	**Avoca Resources Ltd**	Reinterpretation of historic geophysical data identified coincident magnetic/gravity anomalies for follow up ground surveys and sampling for IOCG mineralisation.
2005-Present	**Minotaur Exploration Ltd**	A comprehensive gravity survey with local infill surveys did not reveal compelling IOCG targets. Toro Energy Ltd was granted U rights to the licence and conducted minor rock sampling and drill core resampling which did not yield significant uranium values. Uranium rights have since been returned to Minotaur as noted above (refer to Toro letter re Pandurra tenement dated August 17, 2009.
2010-present	**PIRSA**	A collaborative, comprehensive survey is being conducted on the Cariewerloo Basin evaluating the potential for unconformity U deposits similar to the Athabasca Basin in Canada.

6.5 Current Exploration

Subject to completion of the Minotaur Agreement, as outlined above, Spencer will obtain interests in four tenements from Minotaur. Spencer engaged Apex to perform a review and preliminary compilation of available data and complete an Independent Geologist Report.

6.6 Metallurgy

Apex is not aware of any metallurgical work completed on either Mt. Double or Pandurra properties.

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6.7 Mineral Assets, Resource and Ore Reserves

Both Mt. Double and Pandurra can be defined as exploration areas with reference to the definition found in the Valmin Code, "Exploration areas refer to properties where mineralisation may or may not have been identified but where specifically a JORC compliant mineral resource has not been identified." Due to the current stage of exploration there is not sufficient geological knowledge to provide a resource estimate, although a summary of exploration potential is discussed below

6.8 Exploration Potential

Mt. Double

The overall prospectivity of the Mt Double licence remains very high considering the prospective geology which underlies the licence, the current exploration interest in the region and the overall shallow depths of past exploration within the licence. The underlying geology comprising GRV, HGS and Tunkillia Suite intrusions host, or are responsible for, wide-ranging mineralisation in the region including the Peterlumbo silver-gold epithermal field, the Menninnie Dam and Telephone Dam base metal deposits and Tunkillia and Barns gold deposits, all within 80 km of the Mt Double licence.

Historic work in the area has involved significant geophysical surveys with the majority of this data collected before 1990, systems which had relatively shallow signal penetrations compared with those systems currently available. Another consequence of the older systems was a lack of ability to penetrate certain cover sequences making the identification of authentic geophysical anomalies increasingly difficult. Similarly, most drill programs conducted in the area have used aircore or RAB drill rigs which are limited to drilling oxidised material and cannot penetrate fresh rock.

This relatively shallow historic evaluation of the Mt Double licence presents the possibility of undiscovered deeper mineralisation. Modern geophysical surveys (airborne or ground) will provide far greater penetration depths and anomaly resolution and allow for more precise drillhole targeting. Deeper drilling will better evaluate targets like the curvilinear magnetic trend that hosts the Black Eagle-Paney-Tin Hut prospects where significant base metal values have already been obtained. This idea is highlighted by recent work at Menninnie Dam where a deep penetration IP survey has identified Pb-Zn mineralisation.

Recent success by Investigator at the Peterlumbo JV underscores the importance of applying new exploration techniques at Mt. Double. The Paris prospect and four other high priority silver-in-soil anomalies were identified via partial digest geochemical analysis of soil samples, a methodology designed to detect buried ore bodies. Application of such techniques to Mt. Double could elucidate/expand new or known mineralisation.

Similar to the Paris area, northwest-striking structures are easily recognised on airborne magnetics of the Mt. Double area and appear to influence the distribution of the Paney and Tin Hut prospects. Similar underlying geology and the abundance of HSG in the area also suggests the possibility of silver-mineralising rhyolite dykes.

Pandurra Block

The Pandurra Block lies within an IOCG and U corridor that includes the Olympic Dam, Prominent Hill and Hillside deposits. The crystalline basement below the Pandurra Formations is poorly explored due to the paucity of deep drilling. Gravity surveys completed over the Pandurra Block

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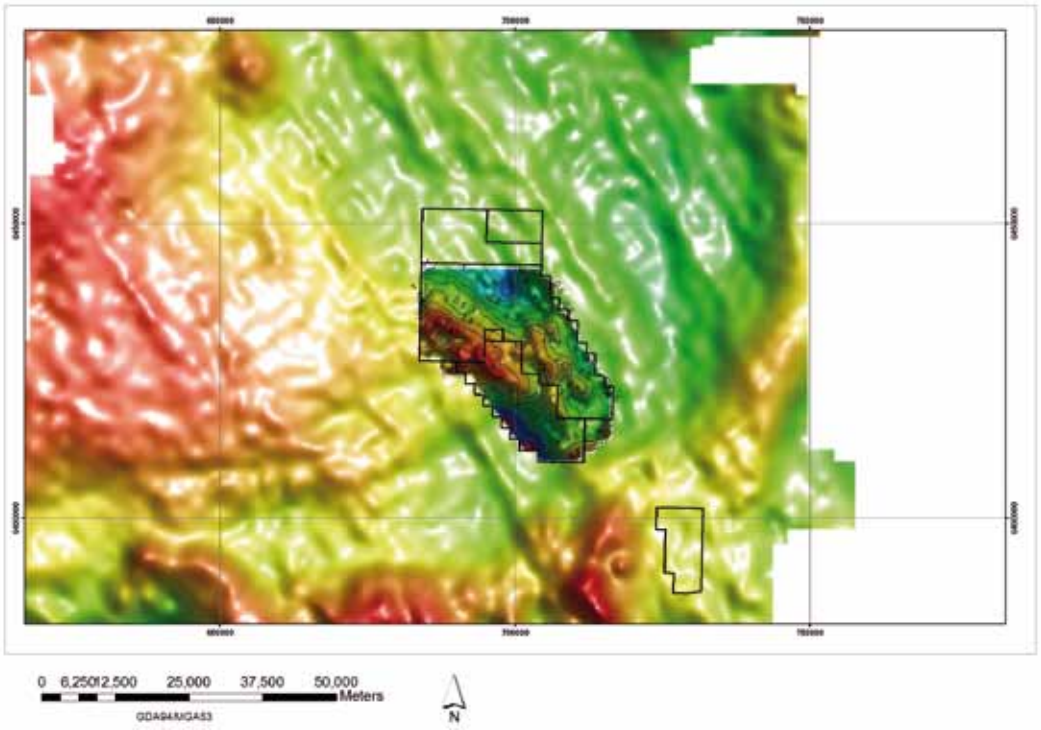
generated gravity anomalies suggestive of a crystalline basement. The northern portion contains northwest-trending low amplitude gravity anomalies that correlate with magnetically defined dolerite dykes oriented in the same direction. The low gravity values found in the southern portion are consistent with exposures of the Hiltaba Granite and Pandurra Formation sediments. A gravity anomaly on the western side of the Pandurra Block (Figure 17) which lacks a coincident magnetic anomaly may represent hematite alteration associated with IOCG mineralisation at a reasonable depth (<200m) (Belperio and Thompson, 2011).

Figure 17 – Residual Gravity Image for the Pandurra Block over Regional Bouguer Anomaly Gravity Image



The PIRSA Cariewerloo Basin Unconformity Project is successfully comparing the Cariewerloo to the Athabasca Basin in Saskatchewan, Canada where the largest and highest-grade unconformity deposits in the world are hosted. The McArthur River and Cigar Lake deposits comprise reserve estimates of 778,500 tonnes of 19.53% U_3O_8 and 557,300 tonnes of 17.04% U_3O_8, respectively (Cameco Corporation 2010). New airborne EM flown by PIRSA has successfully penetrated through to the basement rocks and generated several EM anomalies on the Pandurra Block. These EM anomalies are coincident with apparent basement structures revealed by gravity and magnetic surveys (Figure 18); basement structures being critical fluid pathways for unconformity-related U deposits.

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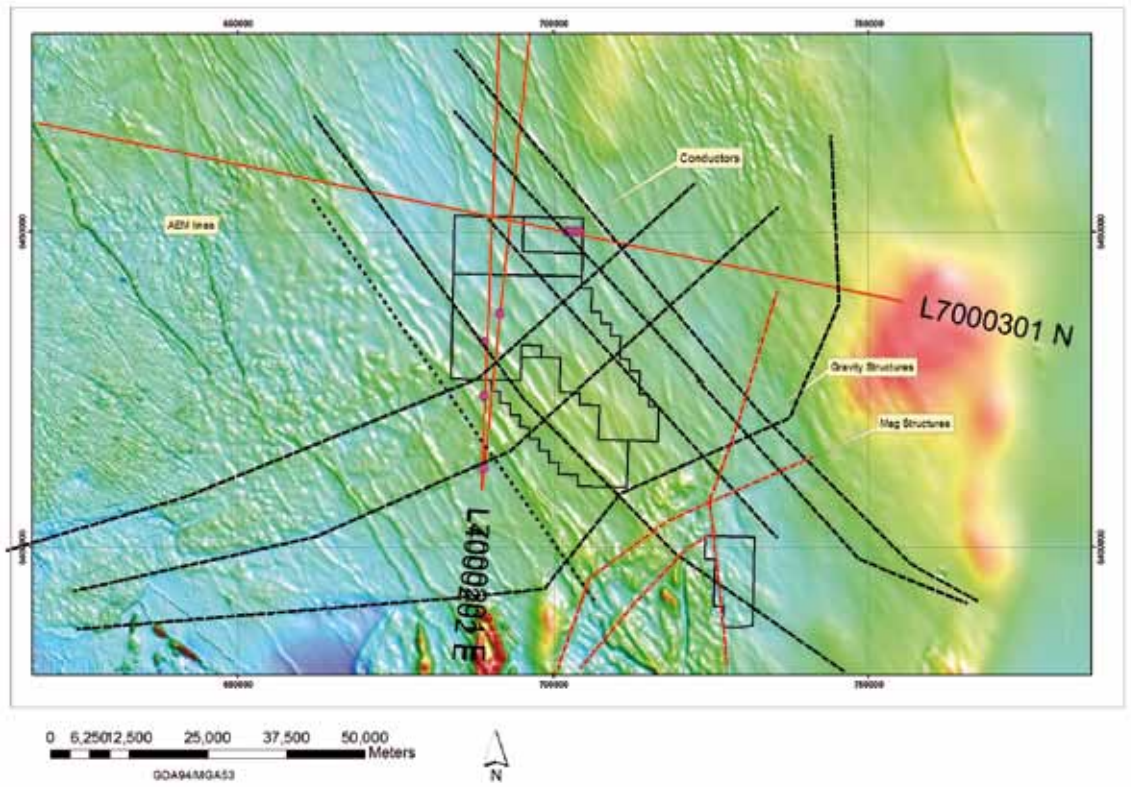
Figure 18 – Plan Map of AEM Targets Over Regional Magnetic Image



6.9 Exploration Strategy and Budget

Mt. Double

A two year exploration strategy has been planned for the Mt. Double tenement with focus on Pb-Zn-Ag mineralisation around the Paney, Black Eagle and Tin Hut Well prospects. The proposed methods of exploration comprise:

- Data review and remodeling of existing geophysical data
- Design and coverage of a VTEM survey
- Geological mapping, rock/soil sampling, and ground geophysics
- RAB geochemical drilling
- RC and/or diamond drilling

Year 1

Exploration will focus on the review and remodeling of existing data to identify new targets or refine current targets found in historic geophysical surveys. This will also aid in the creation and coverage of a proposed VTEM airborne survey. Initially the VTEM coverage will focus on the eastern

portion of the property where the Paney, Black Eagle and Tin Hut Well prospects are located. Concurrently, a soil sampling program at a grid spacing of 500m by 500m should be conducted over the tenement using partial digestion analysis; additional sampling will be required to refine anomalies identified by the first pass sampling.

Year 2

Any exploration in year 2 will be contingent on the results from the first year exploration. A detailed follow-up of targets generated by the VTEM will be undertaken which will include geological mapping, geochemical sampling, and ground geophysics where appropriate.

RAB geochemical drilling may be planned based on results of year one. Further RC and diamond drilling will be planned to follow up on successes of the aforementioned exploration work.

Table 7 - Exploration Budgets for Years 1 and 2 – Mt. Double

Proposed Exploration Expenditure	Year 1	Year 2	Total
Data review & re-processing	10,000		10,000
Geology, mapping & sampling	10,000	20,000	30,000
Geophysics	120,000	35,000	155,000
Geochemistry, assays etc	45,000	15,000	17,000
Drilling - regional geochemistry	-	25,000	25,000
Drilling - target evaluation	-	125,000	125,000
Tenement Man. / Program approvals / Heritage	1,000	25,000	26,000
Administration & corporate	35,000	35,000	70,000
TOTAL	221,000	280,000	501,000

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Pandurra Block

A two year exploration strategy is planned for the Pandurra tenement blocks. The focus will be on the IOCG and uranium corridor associated with the Pandurra Formation. Exploration activities will consist of:

- Data review and reprocessing
- AEM targets will be selected from the government funded Pandurra Formation Unconformity Uranium Initiative
- Infill airborne surveys with focus on the delineation of specific drill targets

Year 1

Initial exploration activities will focus on the review and reprocessing of current data. An AEM survey will be planned to follow up on the government surveys. Exploration targets will include IOCG mineralisation and uranium associated with the contact between the basement rocks and the Pandurra Formation. Infill of ground gravity surveys will also be completed in the southwest on EL 4708 and the northwest of EL 4692 to target IOCG-related hematite alteration.

Year 2

Any exploration in year 2 will be contingent on the results from the first year exploration. Infill surveys will be the main focus with the objective of delineating drill targets. Any drilling will be planned based on the results of prior work.

Table 8 - Exploration Budgets for Years 1 and 2 – Pandurra Block

Proposed Exploration Expenditure	Year 1	Year 2	Total
Data review & re-processing	45,000	-	45,000
Geology, mapping & sampling	35,000	55,000	90,000
Geophysics	320,000	230,000	550,000
Geochemistry, assays etc	-	15,000	15,000
Drilling - regional geochemistry & shallow other	-	30,000	30,000
Drilling - target evaluation	-	120,000	120,000
Tenement Man. / Program approvals / Heritage	23,000	55,000	78,000
Administration & corporate	45,000	45,000	90,000
TOTAL	468,000	550,000	1,018,000

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5. Investigating Accountant's Report

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27 September 2011

Pendragon Capital Ltd
ABN 17 008 963 755
Australian Financial Services Licence Number 237 549

The Directors
Spencer Resources Limited
Level 4, 66 Kings Park Road
WEST PERTH WA 6005

Dear Sirs

Investigating Accountant's Report – Spencer Resources Limited

1. Introduction

This Investigating Accountant's Report ("Report") has been prepared at the request of the directors of Spencer Resources Limited ACN 148 162 092 ("Spencer Resources" or "the Company"). The Report has been prepared based on the historical financial information of the Company for inclusion in a Prospectus dated on or around 6 October 2011 inviting participation in the Initial Public Offer ("IPO") by Spencer Resources of 16,000,000 ordinary shares at an issue price of 20 cents per share to raise $3,200,000. The minimum subscription has been set at $2,500,000 (12,500,000 shares).

All amounts are expressed in Australian Dollars unless otherwise stated. Unless otherwise stated, terms have the same meaning as in the Prospectus.

2. Background

The Company was incorporated on 11 January 2011 for the purpose of exploration, development and investment in resource opportunities covering a suite of minerals in Queensland and South Australia. Specific information on the Company's activities to date can be found in Section 2 of the Prospectus.

3. Capital Structure

The expected capital structure of the Company following the completion of the IPO (assuming full subscription and completion of the Tenement Purchase Agreements) is as follows:

	Number of Shares	Number of Options	Cash Subscribed
Issued Capital of 3,600,000 Shares at $0.01	3,600,000		36,000
Issued Capital of 2,200,000 Shares at $0.10	2,200,000		220,000
Issued Capital of 1,100,000 Shares at $0.20 to Vendor (Note 1)	1,100,000		-
Issued Capital of 16,000,000 Shares at $0.20 to Public	16,000,000		3,200,000
Issue of 800,000 Options to Directors (Note 2)		800,000	-
Issue of 675,000 Options to Vendors (Note 1 & 3)		675,000	-
Issue of 3,500,000 Options to Sponsoring Broker (Note 4)		3,500,000	-
Issue of 1,500,000 Options to Other Brokers (Note 4)		1,500,000	-
Total on issue - completion of IPO	22,900,000	6,475,000	3,456,000

Pendragon Capital Ltd

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Note 1. Shares and options issued in Spencer Resources in consideration for:

- The acquisition of a 75% interest in Queensland EPM 17071 from Carbine Tungsten Limited (previously called Icon Resources Ltd).
- The acquisition of a 70% interest in South Australia ELA 281/10 and 80% interest in each of South Australia EL 3565 (now ELA 95/11), EL 4692 and EL 4708 from Minotaur Operations Pty Ltd.

Note 2. Options exercisable at $0.25 each on or before 30 June 2014.

Note 3. Options exercisable at $0.20 each on or before 3 years from the date of the date of issue of the options.

Note 4. Options exercisable at $0.20 each on or before 15 September 2014.

4. Basis of Preparation

This Report has been included in this Prospectus to provide investors and their financial advisors with information on the pro forma income statement and balance sheet of Spencer Resources as set out in Appendix 1. The pro forma financial information is presented in a summarised form and does not reflect all the disclosure requirements of financial statements prepared using Australian Accounting Standards in accordance with the Corporations Act 2001. This report does not address the rights attaching to the shares to be issued in accordance with the Prospectus, nor the risks associated with the investment. Pendragon Capital Limited ("Pendragon") has not been engaged to report on the prospects of Spencer Resources, the pricing of shares or the benefits and risks of becoming a shareholder in the Company. Risk factors are set out in Section 3 of the Prospectus. Pendragon bears no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report.

5. Scope

Pendragon has been requested to prepare a report covering the following financial information:

Pro forma Financial Information

- Pro forma Unaudited Statement of Comprehensive Income for the period to date of listing.
- Pro forma Unaudited Balance Sheet as at date of listing.
- Pro forma Unaudited Statement of Changes in Equity as at date of listing.
- Pro forma Unaudited Statement of Cash Flows for the period to date of listing.
- Notes to and forming part of the pro forma financial statements.

The pro forma unaudited financial information has been derived from historical financial information after adjusting for the following transactions as if they had occurred at the date of listing:

- The issue of 16,000,000 shares in Spencer Resources to raise $3,200,000 pursuant to the Prospectus.
- Incurring of costs directly attributable to the offer, estimated at $360,453 (Plus GST), which has been offset against the proceeds of the offer.
- Issue of 1,100,000 shares and 675,000 options in Spencer Resources in consideration for:
  - the acquisition of a 75% interest in Queensland EPM 17071 from Carbine Tungsten Limited (previously called Icon Resources Ltd); and
  - the acquisition of a 70% interest in South Australia ELA 281/10 (now EL 4776) and 80% interest in each of South Australia EL 3565 (now ELA 95/11), EL 4692 and EL 4708 from Minotaur Operations Pty Ltd.

The financial information is set out in Appendix 1 to this report.

6. Review

Pendragon has conducted an independent review of the financial information listed above and set out in Appendix 1 to this report. The review has been conducted in accordance with auditing and assurance standard ASRE 2405 "Review of historical financial information other than a financial report".

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Our review was limited primarily to the following procedures performed as our professional judgement considered reasonable in the circumstances:

- Review of the audited financial report for the period ended 30 June 2011;
- Review of historical financial information for the period up to 31 August 2011;
- Review of assumptions used to compile the financial information;
- Review of any adjustments made to financial information;
- Performance of certain limited verification procedures;
- Comparison of consistency in application of accounting standards and policies adopted by the Company; and
- Enquiry of Company officeholders and other relevant employees or consultants.

These procedures do not provide all the evidence that would be required in an audit, and thus the level of assurance provided is less than that given in an audit. As we have not performed any audit activity, we do not express an audit opinion.

The Directors of Spencer Resources are responsible for the preparation and presentation of financial information that has formed the basis of our review.

Pendragon disclaims any responsibility for any reliance on this report or the financial information on which it is based for any purpose other than for which it was prepared.

7. Review Statement

Based on our review, which was not an audit, nothing has come to our attention which causes us to believe that the historical and pro forma financial information set out in Appendix 1 is not presented fairly, in accordance with the measurement and recognition requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the accounting policies adopted by Spencer Resources as disclosed in Note 1 of Appendix 1.

8. Subsequent Events

To the best of our knowledge and belief there have been no other material items, transactions or events outside the Company's ordinary business subsequent to 31 August 2011 that require comment or adjustment to our report or that would cause such information to be misleading or deceptive.

9. Declarations and Disclosures

i) Pendragon is the holder of an Australian Financial Services Licence (number 237 549).

ii) Pendragon will be paid a fee estimated to be $7,500 (plus GST) based upon normal charge out rates for professional time incurred in the preparation and compilation of this report.

iii) Pendragon has not been involved in any other aspect of the preparation of the Prospectus. Pendragon has issued its consent to include this report in the Prospectus.

iv) This report has been prepared to provide general advice to investors only and does not take into account the specific financial needs, objectives and situation of individual investors. The giving of consent to include this report in the Prospectus should not be taken as an endorsement by Pendragon of Spencer Resources or the offer.

v) The Financial Services Guide from Pendragon is available to investors upon request.

Yours sincerely

Rick Hopkins
Director

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APPENDIX 1 SPENCER RESOURCES LIMITED

	Note	Audited 30 June 2011 $	Unaudited Pro Forma 1 July 2011 to date of listing $
STATEMENT OF COMPREHENSIVE INCOME			
Revenue		5,498	1,835
Expenses from ordinary activities		(29,512)	(30)
Loss from ordinary activities before related income tax		(24,014)	1,805
Income tax expenses relating to ordinary activities		-	-
Loss after income tax expense		(24,014)	1,805
Other Comprehensive Income		-	-
Total Comprehensive Income (Loss) for the period		(24,014)	1,805

BALANCE SHEET		Audited 30 June 2011 $	Unaudited Pro Forma as at date of listing $
Current Assets			
Cash assets	2	233,907	3,420,810
Other current assets		3,860	18,512
Total Current Assets		237,767	3,439,322
Non-Current Assets			
Investment in mining and exploration tenements		-	269,207
Total Non-Current Assets		-	269,207
Total Assets		237,767	3,708,529
Current Liabilities			
Accounts Payable		33,779	352,292
Accrued Expenses		29,000	5,000
Total Current Liabilities		62,779	357,292
Total Liabilities		62,779	357,292
Net Assets		174,988	3,351,237
Equity			
Issued Capital (net of issue costs)	3	175,162	2,937,899
Accumulated Losses	4	(24,014)	(22,209)
Share Based Payments Reserve	5	23,840	435,547
Total Equity		174,988	3,351,237

The Balance Sheet is to be read in conjunction with the notes set out in this section.

The unaudited pro forma financial statements have been prepared assuming full subscription.

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APPENDIX 1 SPENCER RESOURCES LIMITED

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
STATEMENT OF CHANGES IN EQUITY				
Audited – for period ended 30 June 2011				
Balance at 11 January 2011			-	-
Profit (loss) attributable to members of the Company			(24,014)	(24,014)
Other Comprehensive Income			-	-
Total comprehensive loss for the period			(24,014)	(24,014)
Pro Forma				
Balance at 1 July 2011			(24,014)	(24,014)
Profit (loss) attributable to members of the Company			1,805	1,805
Other Comprehensive Income			-	-
Total comprehensive loss for the period			(22,209)	(22,209)
Transactions with owners, recognised directly in equity				
Audited – for period ended 30 June 2011				
Options issued during the period	-	23,840	-	23,840
Shares issued during the period net of costs	175,162	-	-	175,162
Balance at 30 June 2011	175,162	23,840	(24,014)	174,988
Pro Forma				
Options issued during the period	-	411,707	-	411,707
Shares issued during the period net of costs	2,762,737	-	-	2,762,737
Balance at Date of Listing	2,937,899	435,547	(22,209)	3,351,237

The Statement of Changes in Equity is to be read in conjunction with the notes set out in this section.

The unaudited pro forma financial statements have been prepared assuming full subscription.

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APPENDIX 1 SPENCER RESOURCES LIMITED

	Audited 30 June 2011 $	Unaudited Pro Forma 1 July 2011 to date of listing $
STATEMENT OF CASH FLOW		
Cash flows from operating activities		
Payments to suppliers and employees	(710)	-
Interest Received	4,396	1,835
Net cash provided by operating activities	3,686	1,835
Cash flows from investing activities		
Purchase of mining and exploration tenements	-	-
Net cash provided by investing activities	-	-
Cash flows from financing activities		
Proceeds from issue of shares	256,000	3,200,000
Capital raising costs paid	(25,779)	(14,932)
Net cash provided by financing activities	230,221	3,185,068
Net increase / (decrease) in cash held	233,907	3,186,903
Cash at the beginning of the period	-	233,907
Cash at the end of the period	233,907	3,420,810

The Statement of Cash Flow is to be read in conjunction with the notes set out in this section.

The unaudited pro forma financial statements have been prepared assuming full subscription.

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APPENDIX 1 SPENCER RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

The financial statements are a special purpose financial report which has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Standards Board and the Corporations Act 2001.

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

The accounting policies have been consistently applied by the Company unless otherwise stated.

b) Revenue recognition

Interest revenue
Interest is recognised as it accrues.

c) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

d) Exploration evaluation and development expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and costs are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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APPENDIX 1 SPENCER RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Development costs relating to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period that the decision is made.

e) Payables

Trade payables and other accounts payables are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

f) Receivables

Receivables are carried at amounts due. The collectability of debts is assessed throughout the year and a specific provision is made for any doubtful accounts.

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 Tax Office ("ATO"). In these circumstances the GST is recognised as part of a cost of acquisition of the asset or as part of an item of the expense.

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

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

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, that are recoverable from, or payable to, the ATO, are classified as operating cash flows.

h) Recoverable amount of non-current assets

The carrying amounts of all non-current assets other than exploration expenditure are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

i) Acquisition of assets

All assets acquired other than goodwill are initially recorded at their costs of acquisition at the date of acquisition, being the fair value of the consideration provided plus the incidental costs directly attributed to the acquisition. When equity instruments comprising share and options are issued as consideration, their market price at the date of acquisition is used to determine a fair value except when the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received unless otherwise expensed.

j) Determination of Fair Values

A number of the Company's accounting policies and disclosure require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset of liability.

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APPENDIX 1 SPENCER RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Share-based payment transactions
The fair value of the share options and the share appreciation right is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

	Audited 30 June 2011 $	Unaudited Pro Forma as at date of listing $
NOTE 2 – CASH ASSETS		
Cash at bank and on hand	233,907	3,420,810
Adjustments to the pro forma cash balance are summarised as follows:		
Balance as at 30 June 2011		233,907
Payment of estimated capital raising costs		(268,154)
GST on capital raising costs		(26,609)
Increase in accounts payable and accruals		294,513
Increase in other current assets		(14,652)
Comprehensive income for the period		1,805
Proceeds from the issue of 16,000,000 shares		3,200,000
Unaudited pro forma cash balance		3,420,810
NOTE 3 - CONTRIBUTED EQUITY (net of issue costs)		
5,800,000 Fully paid ordinary shares	175,162	2,937,899
(pro forma 22,900,000 fully paid ordinary shares)		
Reconciliation of contributed equity		
Historical financial information:		
Balance at beginning of period	-	175,162
Issued Capital	256,000	3,420,000
Estimated Capital Raising Costs (including GST)	(80,838)	(657,263)
Balance at end of period	175,162	2,937,899
NOTE 4 – ACCUMULATED LOSSES		
Balance at beginning of period	-	(24,014)
Profit (Loss) attributable to members	(24,014)	1,805
Balance at end of period	(24,014)	(22,209)
NOTE 5 – SHARE BASED PAYMENT RESERVE		
Balance at beginning of period	-	23,840
Value of Director options issued during the period	23,840	-
Value of Vendor options issued during the period	-	362,500
Value of Broker options issued during the period	-	49,207
Balance at end of period	23,840	435,547

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APPENDIX 1 SPENCER RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

NOTE 6 – SUBSEQUENT EVENTS

Subsequent to 27 September 2011, the Company intends to raise $3,200,000 through an initial public offer and list on the Australian Stock Exchange. Other than this, there has not arisen any item or transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 7 - RELATED PARTIES

Directors

The directors in the office as at listing are:

David Paterson – Non-Executive Chairman
Benjamin Miels – Non-Executive Director
Jay Stephenson – Non-Executive Director & Secretary

Directors' interests in shares and options

The aggregate number of shares and options in the Company held by directors and their director related entities as at date of the Prospectus are:

Director	Shares	Options
David Paterson	200,000	400,000
Benjamin Miels	100,000	250,000
Jay Stephenson	150,000	150,000
Total	450,000	800,000

800,000 options are exercisable at $0.25 each on or before 30 June 2014.

6. Solicitors' Report on Tenements

Level 2, 99 Frome Street
Adelaide SA 5000
GPO Box 2410, Adelaide SA 5001
Telephone 08) 8111 4000
Facsimile 08) 8111 4099
admin@oloughlins.com.au
www.oloughlins.com.au

4 October 2011

O'Loughlins LAWYERS

The Directors
Spencer Resources Limited
Level 4
66 Kings Park Road
WEST PERTH WA 6005

Dear Sirs

Prospectus – Solicitors' Report on Tenements

This Report is prepared for inclusion in a Prospectus to be dated on or about 6 October 2011 (**Prospectus**) and issued by Spencer Resources Limited (**Spencer**) offering for subscription 16,000,000 ordinary shares at an offer price of $0.20 each to raise $3,200,000 with a minimum subscription of $2,500,000.

1. **Scope of the Report**

The Report relates to:

1.1 the unregistered interests of Spencer in respect of certain South Australian Exploration Licences (**EL**), a South Australian Application for Exploration Licence (**ELA**) and a Queensland Exploration Permit for Minerals (**EPM**) (collectively **Tenements**) identified in Part 1 of the Schedule to this Report;

1.2 the contracts relating to the Tenements which Spencer has identified to us as being material contracts to which Spencer is a party (**Material Contracts**) and which are summarised in Section 7 of this Prospectus; and

1.3 any claims lodged with the National Native Title Tribunal (**NNTT**) relating to the land the subject of the Tenements.

2. **Searches**

2.1 **Title Searches**

We have reviewed the results of searches of the Tenements conducted by:

(a) the South Australian Department of Primary Industries and Resources (**PIRSA**) of the register maintained by PIRSA pursuant to the *Mining Act 1971* (SA) (**SA Mining Act**); and

(b) the Queensland Department of Mines and Energy (**QDME**) of the register maintained by QDME pursuant to the *Mineral Resources Act 1989* (Qld) (**Qld Mineral Resources Act**).

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The searches were conducted between 9 and 16 September 2011 and updated on 29 September 2011.

The key results of those searches are summarised in Part 1 of the Schedule to this Report.

As a result of those searches and our review of the Material Contracts, we consider that this Report (subject to the statements set out in this Report) provides an accurate statement of the status of, and of Spencer's interests in, the Tenements as at the date those searches were conducted.

Spencer is not the registered holder of any of the Tenements. Spencer's interests are contractual rights to acquire an interest in the Tenements which depend upon the parties to each relevant Material Contract complying with, and fulfilling the terms of, the Material Contract and satisfaction of any conditions precedent contained in it.

2.2 Native Title Searches

We have reviewed the results of searches conducted by the NNTT of the Register of Native Title Claims maintained by the NNTT in respect of the land covered by the Tenements. The searches were conducted on 28 September 2011.

The key results of those searches are summarised in Part 2 of the Schedule to this Report.

2.3 Material Contracts

We have examined the Material Contracts described in Section 7 of this Prospectus. It is our opinion, based upon an examination of the Material Contracts, that the description of them does not contain any statement or matter that is false in a material particular or is materially misleading in the form and context in which it appears.

3. Assumptions and Qualifications

This Report (including the Schedule) is based on, and is subject to, the assumptions and qualifications set out below and as otherwise specified elsewhere in this Report:

3.1 In compiling this Report, we have relied upon the accuracy, completeness and currency of information provided by third parties, including PIRSA, QDME, the NNTT and Spencer and its representatives and agents, in response to enquiries and searches made, or caused to be made, by us. We cannot comment on whether any changes have occurred in respect of the Tenements between the date on which the information was provided to us and the date of this Prospectus.

3.2 The references in Part 1 of the Schedule to this Report to the areas of the Tenements are taken from details shown on the searches we have obtained from PIRSA and QDME. No independent survey was conducted to verify the accuracy of those areas.

3.3 We have assumed that the Tenements have been validly granted and that the relevant Minister and any persons exercising delegated authority in relation to the grants have acted within the scope of their powers and discretions.

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3.4 We express no opinion as to whether and when the ELA will ultimately be granted in whole or in part, or the terms and conditions upon which it may be granted.

3.5 Where Ministerial consent is required in relation to any agreements or the transfer of any Tenement, we express no opinion as to whether such consent will be granted or the consequences of consent being refused, although we are not aware of any matter which would cause consent to be refused.

3.6 We make the following assumptions in relation to the Material Contracts:

(a) the Material Contracts detailed in Section 7 of this Prospectus are the only material contracts in relation to the Tenements of which we are aware;

(b) the Material Contracts are duly executed and have been, or are in the course of being, stamped and lodged in compliance with the relevant legislation;

(c) the authenticity of all seals and signatures on the Material Contracts;

(d) the Material Contracts are within the capacity and powers of, have been validly authorised, executed and delivered by, and are binding on, each of the parties to them;

(e) each party to each of the Material Contracts had, and has, full corporate power and lawful authority to observe and perform all of its obligations under them;

(f) each Material Contract comprises the entire agreement of the parties;

(g) the parties to each of the Material Contracts are complying with and will continue to comply with and fulfil the terms of the Material Contracts; and

(h) the representations made by third parties (including Spencer, its representatives and agents) in relation to the Material Contracts are true and correct.

3.7 Unless non-compliance with the terms and conditions of any Tenement and the provisions of the SA Mining Act, the regulations to the SA Mining Act, the Qld Mineral Resources Act or the regulations to the Qld Mineral Resources Act is disclosed on the face of the searches referred to in paragraph 2, we express no opinion as to such compliance.

3.8 Native title or Aboriginal heritage sites may exist in the areas covered by the Tenements. Whilst we have conducted searches to ascertain what native title claims, if any, have been registered over these areas, we have not undertaken the considerable legal, historical, anthropological and ethnographic research which would be necessary to determine if additional claims are likely, or to form an opinion as to whether the existing or any future claims for native title will succeed and, if so, what the implications would be for Spencer.

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The Directors
Spencer Resources Limited 04 October 2011

4. **South Australian Tenements – General Comments**

4.1 **Exploration Licences**

In South Australia ELs are issued subject to standard conditions under the SA Mining Act, the *Mining Regulations 2011* (SA) (**SA Mining Regulations**) and the terms and conditions prescribed by the Minister from time to time, including the following key conditions:

(a) An EL authorises exploratory operations of the kind described in the EL in respect of land over which it is granted, except exploratory operations for extractive minerals or precious stones.

(b) An EL has a term of up to five years, but if granted for a lesser term, may be renewed for a period that does not in aggregate exceed five years.

(c) The Minister may, on expiration of an EL the term or aggregate of terms of which was five years, grant to the licensee a subsequent EL.

(d) The maximum area of an EL is 1,000 square kilometres, but there is Ministerial discretion to grant an EL over a larger area in some circumstances.

(e) The Minister may, at any time, require the holder 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 that person as a result of operations conducted in pursuance of the EL.

(f) The licensee must, as soon as reasonably practicable, report to the Director of Mines the discovery of minerals potentially capable of economic production.

(g) The licensee must conduct operations under the EL in accordance with a programme approved from time to time by the Minister designed to:

(i) prevent pollution to or contamination of surface or groundwater;

(ii) minimise surface damage to the land; and

(iii) ensure that, in drilling or other underground investigations, no interconnection between groundwater aquifers occurs.

(h) An EL may be suspended or cancelled where the licensee contravenes or fails to comply with any provision of the SA Mining Act or any condition of the EL.

(i) An EL confers no right to carry out mining operations on native title land unless:

(i) the mining operations do not affect native title (that is, are wholly or partially inconsistent with the continued existence or enjoyment of native title rights);

(ii) a declaration is made under a law of a State or the Commonwealth

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that the land the subject of the EL is not subject to native title;

(iii) an agreement has been reached with the native title parties that authorises the mining operations; or

(iv) a determination authorising the mining operations is made under Part 9B of the SA Mining Act.

(j) The holder of an EL must comply with minimum expenditure commitments prescribed by the SA Mining Act.

(k) The annual fee for an EL is currently $8.45 per square kilometre per year.

(l) An EL may not be assigned or otherwise dealt with, either directly or indirectly, without the written consent of the Minister.

(m) The tenement holder must give written notice to landholders of the relevant land (including native title holders) before entering the land for exploration or mining purposes, and access arrangements are to be entered into in accordance with the requirements of the SA Mining Act.

Further conditions are specified in the licence for each EL. These conditions are summarised in Part 1 of the Schedule to this Report.

4.2 Exploration Licence Application

The process for the grant of an EL in South Australia is as follows:

(a) Applications for ELs are to be in a prescribed form and lodged with the Director of Mines pursuant to section 29 of the SA Mining Act. If the Minister determines that he or she is willing to grant to the applicant an EL (subject to the operation of the SA Mining Act and SA Mining Regulations), the Minister must advise the applicant by notice in writing of the terms and conditions under which the Minister is prepared to grant the EL.

(b) The applicant must then notify the Minister in writing as to whether they are willing to accept the terms and conditions prescribed by the Minister. If the applicant accepts the terms and conditions, and pays the appropriate fee, the Minister will approve the application.

(c) Subject to the provisions of the SA Mining Act, an ELA which has been lodged under that Act confers priority over the subject area until the Minister has decided whether or not to grant the licence applied for. Once the offer is accepted and returned by the applicant the ELA is advertised, and a period of 28 days allowed from the advertising date for objections, prior to the grant of the EL.

In relation to ELA 95/11, PIRSA has advised that this application was circulated to relevant government Departments on 16 June 2011 and advertising was completed on 29 June 2011, however responses have not yet been received from all relevant government Departments.

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The Directors
Spencer Resources Limited 04 October 2011

5. Queensland Tenements - General Comments

5.1 Exploration Permit for Minerals

In Queensland EPMs are issued subject to standard conditions under the Qld Mineral Resources Act, the *Mineral Resources Regulations 2003* (Qld) (**Qld Mineral Resources Regulations**) and the terms and conditions prescribed by the Minister from time to time, including the following key conditions:

(a) An EPM authorises exploratory operations of the kind described in the EPM in respect of land over which it is granted, and in the case of all minerals other than coal may, unless the Minister approves otherwise, be issued over an area not exceeding 100 sub-blocks, as defined in the Qld Mineral Resources Act (and further described in Part 1 of the Schedule to this Report).

(b) An EPM may be issued for an initial term not exceeding five years (unless otherwise determined by the Minister), which term may be extended for a further term of up to five years.

(c) The size of an EPM must be reduced 24 months from its grant and each 12 months thereafter so that the area to be retained (which must consist of whole sub-blocks) for the next 12 months does not exceed half the licensed area at the start of the initial 24 month period or subsequent 12 month period, unless the Minister directs a greater or lesser reduction.

(d) EPM conditions include obligations relating to access onto land, rehabilitation, payment of rent and compensation for damage, reporting requirements and may include native title protection conditions.

(e) The permit holder must, within 14 days after discovery of any mineral of commercial value, report to the Minister and provide particulars as required by the Minister.

(f) An EPM may be cancelled or a penalty imposed where the licensee contravenes or fails to comply with any provision of the Qld Mineral Resources Act or any condition of the EPM.

(g) The grant of an EPM is subject to compliance with the procedures for addressing native title rights (if any) in relation to the relevant land, as outlined in paragraph 6.3.

(h) The holder of an EPM must comply with minimum expenditure commitments prescribed by the Qld Mineral Resources Act.

(i) The rental for an EPM is currently $127.05 per sub-block per year.

(j) An EPM may not be assigned without the written consent of the Minister.

(k) The tenement holder must give written notice to landholders of the relevant land before entering the land for exploration purposes, and access and compensation arrangements are to be entered into in accordance with the requirements of the Qld Mineral Resources Act.

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Further conditions are specified in the licence for the EPM. These conditions are summarised in Part 1 of the Schedule to this Report.

6. Native Title

6.1 Introduction

The decision of the High Court of Australia in *Mabo v Queensland (No 2)* (1992) 175 CLR 1 (**Mabo**) recognised the concept of Aboriginal native title to land where those rights survived the acquisition of sovereignty by non-indigenous people.

Following Mabo, native title rights were recognised where the claimants could establish that they have enjoyed certain customary rights and privileges in respect of a particular area of land and that they have continuously maintained their traditional connection with that land. Such a claim will not be recognised if the native title has been extinguished.

The *Native Title Act 1993* (Cth) (**NTA**) was enacted in response to Mabo to regulate dealings with native title land. The NTA commenced on 1 January 1994 and was substantially amended in 1998 by the *Native Title Amendment Act 1998* (Cth) in response to the High Court of Australia decision of *Wik Peoples v Queensland* (1996) 187 CLR 1 (**Wik**). In summary, the NTA currently provides a legislative framework to:

(a) regulate the recognition, protection and extinguishment of native title;

(b) validate past acts (including pastoral leases, mining tenements and ancillary titles) granted before 1 January 1994 which might otherwise be invalid due to native title;

(c) validate intermediate period acts granted between 1 January 1994 and 23 December 1996, which might otherwise be invalid due to native title;

(d) authorise valid acts in relation to native title lands occurring after the introduction of the NTA on 1 January 1994;

(e) provide for a negotiation process between government, native title and non-native title parties in relation to certain future uses of native title lands; and

(f) compensate for the extinguishment or impairment of native title.

In 2002 native title rights were further clarified by the decision of the High Court of Australia in *Western Australia v Ward* (2002) 191 ALR 1. The High Court of Australia confirmed (in relation to the facts of that case) that:

(a) native title interests may be seen as a bundle of rights, each of which needs to be separately proven and each of which is capable of being extinguished;

(b) the rights of land users (under a validly granted mining lease) and the rights of native title parties can co-exist, however where these rights conflict, the rights of the native title claimants must yield to the rights conferred by the grant of the mining lease; and

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(c) no native title rights to minerals or petroleum could be recognised (on the facts of this case) because there was no evidence of any traditional Aboriginal law, custom or use in relation to minerals or petroleum.

6.2 Extinguishment of Native Title

The common law of Australia provides that upon acquisition of sovereignty by the Crown, native title became vulnerable to extinguishment by legislative or executive actions of Government which manifested a clear and plain intention to extinguish native title. Valid alienation of land by the Crown, such as the granting of an interest which is wholly or partly inconsistent with a continuing right to enjoy native title, extinguishes native title to the extent of any inconsistency.

The NTA regulates the extinguishment of native title by the Commonwealth. In this regard, the NTA provides that 'previous exclusive possession acts' (including grants of freehold or possession on the holder) will have completely extinguished native title. 'Previous non-exclusive possession acts' (including grants of leasehold interests that conferred non-exclusive possession on the holder, such as many pastoral leases) will only have extinguished native title to the extent of any inconsistency between the native title rights and the rights conferred under the grant.

Since the NTA only provides for extinguishment of native title by the Commonwealth, State and Territory Governments enacted complementary native title legislation to regulate the extinguishment of native title in that State or Territory. The relevant South Australian and Queensland legislation is considered in paragraph 6.4.

6.3 Validity of Title

Under the NTA tenements granted prior to 1 January 1994 are deemed to be valid and native title is suspended by their grant.

Mining tenements granted in the period 1 January 1994 and 23 December 1996, which may otherwise have been invalid due to non-compliance with the NTA, are deemed to be valid under the NTA so far as the tenements were granted over land the subject of a pastoral lease or other prescribed leasehold land.

The validity of titles, permits or approvals granted on or after 1 January 1994 generally depends on compliance with the NTA future act procedure.

Under the NTA the grant of a mining tenement after 1 January 1994 is generally a future act if it affects native title, that is if it extinguishes native title rights and interests or it is wholly or partly inconsistent with their continued existence, enjoyment or exercise. Where there is no previous right to have a licence granted, all future acts which create a 'right to mine' (as defined in the NTA) will only be valid if the relevant future act procedures, including compliance with the right to negotiate (**RTN**) process, under the NTA are adhered to.

The RTN process consists of a statutory period of negotiation between the relevant Government party, the native title party and the grantee, during which time the parties must negotiate in good faith. If negotiations fail to resolve any dispute as to the grant of the relevant interest the NNTT (as the arbitral body) will make a determination as to whether the grant may proceed (and if so, on what conditions). Subject to Federal Ministerial intervention or the agreement of the parties, the decision of the NNTT

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will determine whether the interest is granted. Tenements which have been granted under the future act procedures of the NTA may be renewed provided there is no expansion of the rights granted and, in particular, no increase in the area, extension of the term or creation of new rights.

In relation to certain future acts an expedited procedure may be followed (if it is not successfully objected to) provided the grant is not likely to directly interfere with the native title holders' community or social activities, interfere with areas or sites of particular significance or involve major disturbance to land or waters or create rights whose exercise is likely to do so.

The RTN process is not required to be followed in circumstances where the expedited procedure applies or where an Indigenous Land Use Agreement (**ILUA**) is negotiated with the relevant Aboriginal people and registered with the NNTT, in which case the procedures prescribed by the ILUA must be followed to obtain the valid grant of the tenement.

6.4 Native Title in South Australia and Queensland

The NTA provides for the enactment by State Governments of alternative legislation for the validation of past acts and intermediate period acts which are attributable to that State. In addition, as noted above, as the NTA only provides for extinguishment and validation of native title by the Commonwealth, each State and Territory Government enacted complementary native title legislation substantially enacting the provisions of the NTA.

(a) South Australia

In 1996 the *Native Title (South Australia) Act 1994* (SA) amended the SA Mining Act to provide an alternate and complementary State-based system which largely replaces the operation of the RTN process under the NTA in South Australia. Part 9B of the SA Mining Act acts in conjunction with the NTA and allows the South Australian Government to validate past acts which might otherwise be invalid due to native title.

The *Native Title (South Australia) (Validation and Confirmation) Amendment Act 2000* (SA) (**SA Amending Act**), which came into operation on 22 January 2001, provided for the validation of intermediate period acts attributable to the State of South Australia and extinguished native title over land the subject of the majority of perpetual lease categories as granted on or before 23 December 1996 under the *Crown Lands Act 1929* (SA). Where native title may otherwise have applied to properties covered by the SA Amending Act, those properties will no longer be claimable.

In South Australia, tenements granted after 1 January 1994 are future acts under the NTA. Where tenements were granted after 17 June 1996 (including the South Australian Tenements) the provisions of Part 9B of the SA Mining Act must be followed in order to validate the grant of the tenements, instead of the NTA future act procedures.

Under Part 9B of the SA Mining Act, the grant of a tenement confers no right to carry out mining operations, including prospecting, exploring or mining for minerals on native title land unless:

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(i) the mining operations do not affect native title (that is, they are not wholly or partly inconsistent with the continued existence, enjoyment or exercise of rights deriving from native title);

(ii) a declaration is made under the law of the State or the Commonwealth that the land is not subject to native title;

(iii) an ILUA is registered under the NTA; or

(iv) a determination authorising the mining operations is made under Part 9B of the SA Mining Act.

The holder of an EL that would, if land were not native title land, authorise mining operations on the land may acquire the right to carry out mining operations on the land (that affect native title) from an agreement authorising the operations negotiated with the relevant native title parties, whether such parties are the registered holder of native title or registered native title claimants.

(b) **Queensland**

In Queensland, the NTA procedures continue to apply in conjunction with the *Native Title (Queensland) Act 1993* (Qld) and, in relation to EPM applications lodged prior to 31 March 2003 only, the 'Alternative State Provisions' of the Qld Mineral Resources Act.

This Queensland legislation is consistent with the standards set by the NTA for future dealings affecting native title.

6.5 **Native Title Affecting the Tenements**

From enquiries we have made of NNTT, we are aware of certain native title claims which may impact on the Tenements. These are identified in Part 2 of the Schedule to this Report. The fact that a claim has been lodged does not mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that no native title exists over that area. The existence of native title will be established in due course as the claims are processed by the Federal Court of Australia, and it is possible that further claims may be made in the future.

(a) **South Australian Tenements**

We comment in relation to each project area as follows. However, we have not undertaken the detailed underlying tenure investigations necessary to conclusively establish the existence of native title and our comments are of a general nature only.

(i) **Pandurra Project**

The Pandurra Project area (comprising ELs 4692 and 4708 and ELA 95/11) is situated primarily on pastoral lease land, and EL 4692 also includes Commonwealth land comprised in the Cultana Army Land.

Pastoral lease land admits the continued existence of native title rights

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and interests, to the extent that such native title rights and interests have continued to exist in accordance with Aboriginal traditional custom and are not inconsistent with the rights of the holder of the pastoral lease and any other extinguishing event. However, by virtue of the SA Amending Act, the grant of certain pastoral leases conferring exclusive possession, being a past or intermediate act (as defined in paragraph 6.1) may also have extinguished native title rights over the relevant land.

EL 4708 and ELA 95/11 fall within the area of Claim No SC 09/1 (Kokatha Uwankara) and ELs 4708 and 4692 fall within the area of Claim No SC 96/4 (Barngarla) and Claim No SC 96/5 (Nukunu). Each of these claims has been accepted for registration such that the claimants are entitled to the right to negotiate.

We are instructed that although a native title agreement has not yet been negotiated in relation to these tenements, 'heritage' clearances for exploration are obtained as and when required (we refer to our comments in relation to heritage clearances under the *Aboriginal Heritage Act 1988* (SA) in paragraph 7.1(b)).

(ii) **Mt Double Project**

The Mt Double Project area (comprising EL 4776) includes pastoral lease land and is also within the Gawler Ranges National Park. We refer to our comments in paragraph 6.5(a)(i) in relation to pastoral lease land.

EL 4776 falls within the area of Claim No SC 96/4 (Barngarla). This claim has been accepted for registration such that the claimants are entitled to the right to negotiate. We are instructed that although a native title agreement has not yet been negotiated, 'heritage' clearances for exploration are obtained as and when required (refer our comments above).

EL 4776 also falls within the area of Claim No SC 97/7 (Gawler Ranges) and is subject to the Gawler Ranges Mineral Exploration ILUA (**GRME ILUA**). The GRME ILUA was registered with the NNTT on 30 June 2006.

The GRME ILUA is a framework agreement made between the Gawler Ranges Native Title Claim Group, South Australian Chamber of Mines and Energy Inc, Aboriginal Legal Rights Movement Inc and the State of South Australia. It enables the Gawler Ranges native title claim group to authorise the grant of exploration tenements that would otherwise be subject to the negotiation procedure under Part 9B of the SA Mining Act. The GRME ILUA provides that the right to negotiate does not apply to the grant of authorised exploration tenements or the carrying out of authorised exploration activities on authorised tenements under the GRME ILUA.

As noted above, however, we have not been instructed to undertake, and understand that Spencer has not otherwise undertaken, the detailed underlying

tenure investigations which would be necessary to confirm the effect of the SA Amending Act in relation to the above tenements.

(b) **Queensland Tenement**

We comment in relation to this project area as follows. However, as we have not undertaken the detailed underlying tenure investigations necessary to conclusively establish the existence of native title in relation to this tenement our comments are of a general nature only.

(i) **Iron Pot Creek Project**

The Iron Pot Creek Project area (comprising EPM 17071) is situated on 'exclusive' land in respect of which native title has been extinguished.

7. Other Applicable Legislation

The following Commonwealth and State legislation may also apply to exploration and mining operations on the Tenements.

7.1 Aboriginal Heritage and Sites of Significance

(a) **Commonwealth Legislation**

The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) provides for the preservation of areas and objects which are of particular significance to Aboriginal people in accordance with Aboriginal tradition, and may have the potential to halt exploration activities if the Minister makes a declaration for the protection and preservation of an area of Aboriginal significance under the Act.

(b) **South Australian Legislation**

The *Aboriginal Heritage Act 1988* (SA) (**AHA**) provides for the protection and preservation of Aboriginal heritage in South Australia by the identification of sites of significance to Aboriginal people on the Register of Aboriginal Sites and Objects maintained pursuant to the AHA. The effect of entry on the Register is that the site or object will be conclusively presumed to be an Aboriginal site or object.

All operators and holders of interests under a tenement must observe the provisions of the AHA in relation to operations on their tenements. Discovered Aboriginal sites and remains must be reported to the relevant Minister. It is an offence not to carry out the reporting procedure if Aboriginal sites, objects or remains are discovered. It is also an offence to damage any Aboriginal object or disturb or interfere with or remove any Aboriginal object or remains. The Minister has the power under the AHA to give directions prohibiting or restricting activities on or in relation to the site or an area surrounding the site or in relation to the object or remains. This potentially includes exploration and mining activities.

In South Australia, Aboriginal Heritage Agreements are often entered into

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with relevant Aboriginal groups to deal with the protection or preservation of Aboriginal sites, objects or remains on land upon which exploration or mining activities are to be undertaken. These agreements are in addition to agreements under Part 9B of the SA Mining Act.

(c) **Queensland Legislation**

In Queensland, the *Aboriginal Cultural Heritage Act 2003* (Qld) (**ACHA**) applies to the protection of sites and objects of significance to the Aboriginal tradition in Queensland. The Aboriginal Cultural Heritage Database and the Aboriginal Cultural Heritage Register established under the ACHA provide information about Aboriginal cultural heritage, including information contained in cultural heritage studies and information about whether particular areas have been the subject of cultural heritage management plans.

When undertaking exploration activities, Spencer must take all reasonable and practicable measures to ensure its operations do not harm Aboriginal cultural heritage (which is defined under the ACHA to include an area of particular significance to Aboriginal people, a significant Aboriginal object or evidence of archaeological or historical significance of Aboriginal occupation in that area).

It is an offence to harm Aboriginal cultural heritage if the person knows or ought reasonably to know that Aboriginal cultural heritage exists in that area. Further, if the Minister has reasonable grounds to conclude that a person is carrying out or is about to carry out an activity that will harm Aboriginal cultural heritage, the Minister may issue a stop order for the activity.

An Aboriginal cultural heritage agreement may be entered into with relevant Aboriginal groups as a means of managing an explorer's obligations under the ACHA. A cultural heritage management plan may also be required prior to the granting of a lease, licence or permit.

7.2 **Environment and Rehabilitation of Land**

(a) **Commonwealth Legislation**

Under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (**EPBC Act**) environmental assessment and approval is required for actions that are likely to have a significant impact on a matter protected by the EPBC Act. When a person proposes to take an action that they believe may need approval under the EPBC Act, they must refer the proposal to the Australian Government Minister for the Environment and Water Resources.

(b) **South Australian Legislation**

The SA Mining Act includes obligations requiring tenements to be rehabilitated. In addition, Spencer's operations on the South Australian Tenements are subject to the provisions of the *Environment Protection Act 1993* (SA). As conditions are imposed in relation to EL 4776 concerning exploration activities conducted within the Gawler Ranges National Park, the provisions of the *National Parks and Wildlife Act 1972* (SA) apply to

Spencer's operations in relation to this tenement, and limit rights to explore and mine on reserves constituted pursuant to this Act.

(c) **Queensland Legislation**

The Qld Mineral Resources Act includes requirements relating to restoration of tenements. Spencer's operations on the Queensland Tenement are also subject to the provisions of the *Environmental Protection Act 1994* (Qld).

QDME has advised that EPM 17071:

(i) is authorised by a code-compliant environmental authority issued pursuant to the Code of Environmental Compliance - Exploration and Mineral Development Projects (**Code**) issued under Schedule 3 of the *Environmental Protection Regulation 2008* (Qld);

(ii) contains some areas of 'Endangered Remnant Regional Ecosystems' within the scope of Category B of the Code; and

(iii) falls within a 'River Improvement Area' within the scope of Category C of the Code.

The Code restricts disturbance in and around those areas, and in particular, Condition 13 of the Code provides that:

(i) The holder of the environmental authority must not carry out activities in a Category B environmentally sensitive area. Activities involving machinery must not be carried out within 500 metres of a Category B environmentally sensitive area. QDME has advised that it is possible to apply for a further environmental authority (subject to payment of fees of between approximately $4,000 and $28,000, depending upon the type of authority required) if the holder seeks to explore within an Endangered Remnant Regional Ecosystems area.

(ii) Prior to carrying out activities in a Category C environmentally sensitive area, the holder must consult with the relevant administering authority and the Environmental Protection Agency. QDME has advised that approval will therefore be required before undertaking work (using machinery) on the EPM.

7.3 **Uranium**

(a) **Commonwealth Legislation**

The *Atomic Energy Act 1953* (Cth) provides that a person who discovers uranium must report the discovery to the responsible Minister. The Minister may require a person to furnish written statements or returns at the specified times and in respect of specified periods, containing particulars relating to (among other things) uranium in that person's possession or control.

The *Environment Protection and Biodiversity Conservation Act 1999* (Cth) prohibits a person from taking a nuclear action that has, will have or is likely

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to have a significant impact on the environment unless the responsible Minister has approved the taking of such nuclear action. For the purpose of the Act a 'nuclear action' includes mining or milling of uranium ore. The approval must specify the period for which it has effect and set out the conditions attached to the approval.

Under the *Customs Act 1901* (Cth), via regulation 9 of the *Customs (Prohibited Exports) Regulations 1958* (Cth), the export from Australia of uranium is prohibited unless the responsible Minister has granted permission in writing to do so. A permission granted may specify conditions or requirements to be complied with by the holder of the permission and may, in respect of any such condition or requirement, specify the time (being a time before or after the exportation of the uranium to which the permission relates) at or before which the condition or requirement shall be complied with by the holder. The grant of export permission is based on Australia's export policy which is administered to give effect to Australia's obligations as a signatory to the Nuclear Non-Proliferation Treaty and is designed to ensure that exported uranium and its derivates are used only for peaceful purposes and that there are safeguards in place to facilitate the maintenance and declaration of detailed accounting records of all movements and transactions involving nuclear material. This is achieved under the auspices of the International Atomic Energy Agency which was established by resolution of the United Nations.

(b) **South Australian Legislation**

In South Australia ELs generally authorise the licensee to explore for all minerals (as defined), including uranium, within the area of the EL. However, the mining of uranium is subject to the additional requirements in section 10A of the SA Mining Act pursuant to which:

(i) Mining operations (other than exploratory operations) for the recovery of uranium are prohibited unless the responsible Minister has endorsed upon the relevant mining lease or retention lease an authorisation to carry out mining operations for that purpose.

(ii) An authorisation to carry out such mining operations for recovery of uranium may be granted upon such conditions as the Minister thinks fit, and may be ended upon breach of any condition.

(iii) The recovery of uranium is not prohibited in the course of mining operations carried out for the recovery of other minerals provided that the uranium is stockpiled in accordance with the conditions stipulated by the Minister or is of such low concentration that, in the Minister's opinion, it may be (and is) safely discarded as waste.

(iv) The property in any uranium recovered in pursuance of paragraphs (ii) or (iii) does not pass from the Crown unless and until the Minister authorises the relevant party to sell and dispose of the uranium.

The *Radiation Protection and Control Act 1982* (SA) provides for the control of activities related to radioactive substances and radiation apparatus, and for

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The Directors
Spencer Resources Limited 04 October 2011

protecting the environment and the health and safety of people against the harmful effects of radiation. The general objective of the Act is expressed to include the requirement that persons shall, in carrying on any activity related to uranium, endeavour to ensure that exposure of persons to radiation is kept as low as reasonably achievable, social and economic factors being taken into account.

The Act provides that a person is prohibited from carrying out operations for the mining (which expression includes *in situ* leaching) of uranium unless the operations are authorised by a licence granted by the responsible Minister who must be satisfied that the proposed operations would comply with the regulations which relate to persons who are subject to radiation exposure and to the transport of uranium. The Minister may attach conditions to the licence.

(c) **Queensland Legislation**

Queensland State government policy currently prohibits uranium mining in that State. Uranium exploration is permitted, however.

8. Consent and Declarations

The partners of O'Loughlins Lawyers and the staff involved in the preparation of this Report have no interest in or financial relationship with Spencer. Other than a time based fee for the preparation of this Report, no pecuniary or other benefit, direct or indirect, has been received by O'Loughlins Lawyers in connection with the making of this Report.

In providing this Report we have relied on (and have not sought to verify) the accuracy of information provided to us by PIRSA, QDME and the NNTT in response to searches made, or caused to be made, by us of their records and registers. In reliance upon this information, we believe this Report does not contain anything which is false in a material particular or which is materially misleading in the form and context in which it appears. We have not undertaken any additional searches of other government agencies or of Courts or Tribunals.

We have given, and have not before the lodgement of the Prospectus withdrawn, our consent to the issue of the Prospectus with this Report in the form and context in which it is included.

Yours faithfully

O'Loughlins Lawyers

O'Loughlins Lawyers

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SCHEDULE

Part 1 – Tenement Schedule

Project Area	Tenement	Name / Location	Status	Date Granted	Renewal Date	Area (sq km) (unless otherwise specified)	Registered Holder / Applicant	Annual Statutory Expenditure Commitments	Material Contracts	Native Title Claims	Notes
Pandurra Project	ELA 95/11	Yudnapinna (SA)	Application	N/A	N/A	137	Minotaur Operations Pty Ltd (**Minotaur Operations**)	N/A	7.1	SC 09/1	1, 3, 11
Pandurra Project	EL 4708	Koolcutta (SA)	Granted/Current	29/3/11	28/3/13	534	Minotaur Operations	$80,000 pa	7.1	SC 96/4 SC 96/5 SC 09/1	2, 3
Pandurra Project	EL 4692	Pandurra (SA)	Granted/Current	24/2/11	23/2/12	311	Minotaur Operations	$240,000 pa	7.1	SC 96/4 SC 96/5	2, 3, 6, 8
Mt Double Project	EL 4776	Mount Double (SA)	Granted/Current	29/9/11	28/9/13	311	Minotaur Operations	$120,000 pa	7.1	SC 96/4 SC 97/7	2, 3, 5, 6, 7, 9, 10
Iron Pot Creek Project	EPM 17071	Iron Pot Creek (Qld)	Granted/Current	8/7/08	7/7/11	37 sub-blocks*	Icon Resources Ltd (now known as Carbine Tungsten Ltd)	$207,000 pa	7.2	-	4, 12, 13, 14, 15, 16

- **NOTES:* *In Queensland certain tenement areas are described by reference to graticular sections (or parts thereof), and the area of these vary slightly. A general approach of 1 sub-block = 3km² may be adopted as a guide, unless otherwise specified in the relevant licence.*

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NOTES

1. EL application for a subsequent exploration licence (on expiry of previous EL having an aggregate term of 5 years in total).

2. Condition imposed whereby, unless the Minister otherwise determines, if the expenditure requirements under the licence terms are not met, the area of the tenement must be reduced by at least 25% by the end of the current term.

3. Tenement Purchase Agreement dated 9 May 2011 (as varied by Deed of Variation dated 13 September 2011) not yet registered (refer Material Contracts Section 7.1 of this Prospectus).

4. Tenement Purchase Agreement dated 23 May 2011 (as varied by Deed of Variation dated 26 September 2011) not yet registered (refer Material Contracts Section 7.2 of this Prospectus).

5. Requirements imposed under the *Development Act 1993* (SA) in relation to a Mining Production Tenement Regulation Area (as noted in Schedule 20 of the *Development Regulations 2008* (SA)).

6. Geological Monument included within the tenement area, being a site of acknowledged geological value as determined by the Geological Society of Australia.

7. National Heritage Area protected under the EPBC Act. Before any action takes place that could have a significant impact on the national heritage values of a listed place, approval must be obtained.

8. Tenement within Cultana Army Land.

9. Conditions imposed in relation to access to and exploration activity within (and adjacent to) the Gawler Ranges National Park.

10. This EL falls within the area of the Gawler Ranges Mineral Exploration ILUA (SI2004/004).

11. Spencer has advised that once granted the expenditure commitment in relation to this tenement is expected to be $90,000 pa.

12. Conditions imposed in relation to the nature of exploration activities permitted in Restricted Area 220 (RA 220) Leslie Dam Catchment Area in accordance with the QDME 'Policy and code for preserving water quality in declared catchment areas'. Search information obtained from QDME indicates that this tenement area currently abuts (but does not fall within) RA 220.

13. Special conditions (vegetation management) imposed whereby, inter alia, clearing is limited to the extent necessary for mineral exploration activities.

14. Renewal application lodged 6 April 2011 for a period of two years commencing 8 July 2011 over a total area of 37 sub-blocks (refer Note 15 below).

15. Subject to grant of renewal, 50% reduction of area due to be effective as and from 8 July 2011 (unless the Minister directs a greater or lesser reduction) (refer

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paragraph 5.1(c) of this Report).

16. This tenement includes some areas of 'Endangered Remnant Regional Ecosystems and is within a 'River Improvement Area' for the purposes of the Code of Environmental Compliance – Exploration and Mineral Development Projects made pursuant to the *Environmental Protection Regulation 2008* (Qld) (refer paragraph 7.2(c) of this Report).

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Part 2 – Summary of Native Title Claims

Claim	Federal Court Number	NNTT Number	Date of Lodgement	Accepted for Registration
Kokatha Uwankara	SAD 90/09	SC 09/1	18/06/09	Yes
Barngarla	SAD 6011/98	SC 96/4	04/04/96	Yes
Gawler Ranges	SAD 6020/98	SC 97/7	12/09/97	Yes
Nukunu	SAD 6012/98	SC 96/5	10/04/96	Yes

7. Material Contracts

Set out below are summaries of the more important provisions of contracts to which the Company is a party and which are or may be material in terms of the Offer or the operations of the Company or otherwise are or may be relevant to an investor who is contemplating the Offer.

To fully understand all rights and obligations in the material contracts it is necessary to read them in full. A copy of each of these contracts may be inspected during normal business hours at the registered office of the Company.

7.1 Tenement Purchase Agreement - Minotaur Operations Pty Limited

The Company and Minotaur Operations Pty Limited (Minotaur) are parties to a Tenement Purchase Agreement dated 9 May 2011 (as amended by a Deed of Variation dated 13 September 2011) in relation to the purchase by the Company of a 70% legal and beneficial interest in South Australian ELA 281/10 (now EL 4776) and an 80% legal and beneficial interest in South Australian EL 3565 (now ELA 95/11) and ELs 4692 and 4708.

The Agreement is conditional upon:

- the Company causing any approvals or consents required under the law of South Australia to be obtained;
- the Company causing ASX to grant the Company conditional approval (subject only to the imposition of conditions usual to such approvals) for its Shares to be listed for quotation on ASX; and
- Minotaur causing the grant of an EL in respect of ELA 281/10 (which condition has been satisfied).

If any of these conditions is not satisfied or waived by 31 December 2011 (or such later date as may be agreed), the Agreement may be terminated by either party.

The consideration is payable by the Company by the issue to Minotaur or its nominee at completion of 850,000 Shares and 425,000 Options each with an exercise price of $0.20 expiring three years after the date of grant and otherwise on the terms and conditions set out in Section 8.5(c) of this Prospectus.

Completion is to occur two business days after the date on which the last of the conditions precedent is satisfied or waived.

During the two year period commencing on the completion date, the Company must conduct all exploration on the tenements in a proper and workmanlike manner, maintain the tenements in good standing and effect and free from liability to forfeiture and annually spend a certain amount on exploration on each tenement. The Company may however withdraw a tenement from these obligations if it has spent an agreed minimum amount on that tenement, in which case the Company will have no further interest in that tenement.

Prior to the expiry of the two year period commencing on the completion date, the Company and Minotaur will negotiate in good faith a joint venture agreement in relation to the exploration and maintenance of the tenements which have not been withdrawn, which joint venture agreement will apply following the expiry of the two year period commencing on the completion date.

7.2 Tenement Purchase Agreement - Carbine Tungsten Limited

The Company and Carbine Tungsten Limited (Carbine) (previously called Icon Resources Limited), are parties to a Tenement Purchase Agreement dated 23 May 2011 (as varied by a Deed of Variation dated 26 September 2011) in relation to the purchase by the Company of a 75% legal and beneficial interest in Queensland EPM 17071.

The Agreement is conditional upon:

- the Company causing any approvals or consents required under the law of Queensland to be obtained;
- the Company causing ASX to grant the Company conditional approval (subject only to the imposition of conditions usual to such approvals) for its Shares to be listed for quotation on ASX; and
- Carbine causing the renewal of EPM 17071 for a period commencing on 8 July 2011.

If any of these conditions is not satisfied or waived by 31 December 2011 (or such later date as may be agreed by the parties in writing), the Agreement may be terminated by either party.

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The consideration is payable by the Company by the issue to Carbine or its nominee at completion of 250,000 Shares and 250,000 Options each with an exercise price of $0.20 expiring three years after the date of grant and otherwise on the terms and conditions set out in Section 8.5(c) of this Prospectus.

Completion is to occur two business days after the date on which the last of the conditions precedent is satisfied or waived.

During the two year period commencing on the completion date, the Company must conduct all exploration on the tenement in a proper and workmanlike manner, maintain the tenement in good standing and effect and free from liability to forfeiture and annually spend a certain amount on exploration on the tenement. The Company may however withdraw the tenement from these obligations if it has spent an agreed minimum amount on the tenement, in which case the Company will have no further interest in the tenement.

Prior to the second anniversary of the completion date, the Company may exercise its option to purchase the remaining 25% legal and beneficial interest in Queensland EPM 17071 in consideration for the issue to Carbine or its nominee of 5,000,000 fully paid Shares.

If the Company has not exercised this option and the tenement has not been withdrawn from the above obligations, prior to the expiry of the two year period commencing on the completion date, the Company and Carbine will negotiate in good faith a joint venture agreement in relation to the exploration and maintenance of the tenement, which joint venture agreement will apply following the expiry of the two year period commencing on the completion date.

7.3 Sponsoring Broker Agreement

The Company and Taylor Collison Limited (**Taylor Collison**) entered a Letter Agreement on 4 February 2011 by which Taylor Collison has agreed to act as broker to the Issue and to (among other things) assist with the marketing, distribution and allocation of Shares with the objective of achieving sufficient spread of marketable parcels to enable the Company to comply with the admission criteria of ASX.

Taylor Collison's agreement to act as broker to the Issue is subject to:

- a due diligence program having been designed and implemented by the Company's legal advisers to the satisfaction of Taylor Collison;
- the preparation of an acceptable prospectus in relation to the initial public offering, including appropriate experts' reports;
- general market conditions being conducive to the initial public offering;
- there not being any material adverse change to the Company's prospects during the course of Taylor Collison's appointment;
- receipt of sign-offs in relation to due diligence in terms satisfactory to Taylor Collison from the Company's legal advisers; and
- escrow arrangements being in accordance with the Listing Rules.

The Company has agreed to pay Taylor Collison a management fee of 1% on the total funds raised and a distribution fee of 5% on the total funds raised. The Company has also agreed to grant Taylor Collison 3.5 million options each to acquire one ordinary share in the capital of the Company with an exercise price of $0.20 and an expiry date of 15 September 2014, and other brokers to the Offer will be granted 1.5 million options on the same terms and conditions. The terms and conditions of the options are summarised in Section 8.5(b) of this Prospectus.

The Company will reimburse Taylor Collison for costs and expenses incurred.

Either party may terminate the Agreement by giving seven days' written notice.

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8. Additional Information

8.1 Tax Status and Financial Year

The Company is taxed in Australia as a public company. The financial year of the Company ends on 30 June annually.

8.2 Corporate Governance

The Board of Directors will be responsible for the corporate governance of the Company including its strategic development. The format of this Section is guided by the ASX Corporate Governance Council's best practice recommendations.

As at the date of the Prospectus, the Company's corporate governance practices are compliant with the Council's best practice recommendations. Detailed below is a summary of the Company's Corporate Governance practices.

ASX Guidelines	Summary of Spencer Resources' position
PRINCIPLE ONE Lay solid foundations for management and oversight	The Company has three non-executive directors (including the Chairman). As a whole, the Board consists of experienced public directors.
PRINCIPLE TWO Structure Board to Add Value	A majority of non-executive Directors in place with an independent Chairman. A nomination committee and a performance evaluation process have been established.
PRINCIPLE THREE Promote Ethical and Responsible Decision Making	The Company has adopted a code of conduct for Directors and senior executives regulating the duties of directors and their dealings with the Company (and Shares) both internally and externally.
PRINCIPLE FOUR Safeguard Integrity in Financial Reporting	The Company has adopted an Audit Committee Charter and Risk Management Charter. The Non-executive Directors acts as the Audit Committee.
PRINCIPLE FIVE Make Timely and Balanced Disclosure	The Company has defined, under its ASX Disclosure strategy, an internal protocol for the reporting of material information to Shareholders and ASX. The Company Secretary will act as disclosure officer for ASX purposes.
PRINCIPLE SIX Respect the Rights of Shareholders	The Company is committed to Shareholder communication and providing equal and timely access to material information regarding the operations and results. The Company expects to make regular ASX announcements and make these available on its website.
PRINCIPLE SEVEN Recognise and Manage Risk	The Board under the Audit Committee Charter and Risk Management strategy has responsibility for overseeing the Company risk management and internal control framework and implementation of the processes to undertake and assess risk management and internal control compliance.
PRINCIPLE EIGHT Remunerate Fairly and Responsibly	A Remuneration and Nomination Committee is constituted by the Board and has been established to make recommendations regarding all aspects of executive and non-executive director nominations and management remuneration packages. This Prospectus discloses the entitlements of Directors.
Director's Share Trading Policy	The Company securities trading policy covers Directors, executive and employees and prohibits trading whilst such a person is in possession of unpublished price sensitive information. There are closed periods when none of the Directors, executives and employees can trade. Additionally, no short term or speculative trading is allowed. Permission to trade (when there is no possession of unpublished price sensitive information) by a Company delegate, and notification requirements to the Company, applies to all levels of trading.

8.3 Litigation

The Directors are not aware of any legal proceedings which have been threatened or actually commenced against the Company.

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8.4 Rights Attaching To Shares

The Shares to be issued under this Prospectus will rank equally with the issued fully paid ordinary shares in the Company. The rights attaching to Shares are set out in the Company's Constitution and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules and general law.

The following is a summary of the more significant rights of the holders of Shares of the Company. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members.

- General Meeting

  Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's Constitution, the Corporations Act or the Listing Rules.

- Voting

  Subject to any rights or restrictions for the time being attached to any class or classes of shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by a representative has one vote on a show of hands and every such holder present in person or by a representative, proxy or attorney has one vote per share on a poll. A person who holds an ordinary share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share. A member is not entitled to vote unless all calls and other sums presently payable by the member in respect of shares in the Company have been paid. Where there are two or more joint holders of the share and more than one of them is present at a meeting and tenders a vote in respect of the share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of members.

- Issues of Further Shares

  The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Company's Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

- Variation of Rights

  At present, the Company has on issue one class of shares only, namely ordinary shares. The rights attached to the shares in any class may be altered only by a special resolution of the Company and a special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

- Transfer of Shares

  Subject to the Company's Constitution, the Corporations Act, the ASTC Settlement Rules and the Listing Rules, ordinary shares are freely transferable.

  Shares may be transferred by a proper transfer effected in accordance with ASTC Settlement Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act. The Company may decline to register a transfer of Shares in the circumstances described in the Company's Constitution and where permitted to do so under the Listing Rules. If the Company declines to register a transfer, the Company must, within five business days after the transfer is lodged with the Company, give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASTC Settlement Rules.

- Partly Paid Shares

  The Directors may, subject to compliance with the Company's Constitution, the Corporations Act and the Listing Rules, issue partly paid shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid issue price.

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- Dividends

  The Company in general meeting may declare a dividend if the Directors have recommended a dividend, and a dividend shall not exceed the amount recommended by the Directors. The Directors may authorise the payment to the members of such interim dividends as appear to the Directors to be justified by the Company's profits and for that purpose may declare such interim dividends.

  Subject to the rights of members entitled to shares with special rights as to dividend (if any), all dividends in respect of shares (including ordinary shares) are to be declared and paid proportionally to the amount paid up on the shares.

- Winding Up

  Subject to the rights of holders of shares with special rights in a winding up, if the Company is wound up, members (including holders of ordinary shares) will be entitled to participate in any surplus assets of the Company in proportion to the shares held by them respectively irrespective of the amount paid up or credited as paid up on the shares.

- Dividend Plans

  The Directors or the members of the Company, in general meeting, may establish and maintain dividend plans under which (among other things) a member may elect that dividends payable by the Company be reinvested by way of subscription for shares in the Company or a member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive shares instead.

- Directors

  The Company's Constitution states that the minimum number of directors is three.

- Powers of the Board

  The Directors have power to manage the business of the Company and may exercise that power to the exclusion of the members, except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Company's Constitution.

8.5 Terms and Conditions of Options

8.5(a) Options to Directors

As at the date of this Prospectus, the Company has granted 800,000 Options to the Directors on the following terms and conditions:

The Options held by the Optionholder are exercisable in whole or in part during the period commencing on the date shareholder approval is granted and expiring on 30 June 2014 (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.

Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price of $0.25 per Option in cleared funds. Some or all of the Options may be exercised at any one time or times prior to the expiry of the Exercise Period provided that no less than 10,000 Options are exercised at any one time.

The Company will not apply for official quotation on ASX of the Options.

The Company will make application for official quotation on ASX of new shares allotted on exercise of the Options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.

Options are not transferable, except that if at any time before expiry of the Exercise Period the Optionholder dies, the legal personal representative of the deceased Optionholder may:

- elect to be registered as the new holder of the Options;
- whether or not he becomes so registered, exercise those Options in accordance with the terms and conditions on which they were granted; and
- if the deceased has already exercised Options, pay the exercise price in respect of those Options.

An Optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue.

If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the option had been exercised before the record date for the bonus issue.

If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

$$A = O - \frac{E\,[P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying ordinary shares into which one Option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stockmarket of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

If, during the currency of the Options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with the Listing Rules.

8.5(b) Options to Taylor Collison Limited and Other Brokers to the Offer

As at the date of this Prospectus, the Company has agreed to grant a total of 5,000,000 Options to Taylor Collison Limited and other brokers to the Offer on the terms and conditions set out in Section 8.5(a) of this Prospectus except with an exercise price of $0.20 per Option and an exercise period expiry date of 15 September 2014. These Options are transferable subject to approval of the Board, and there is no specified minimum number of Options that can be exercised at any one time.

8.5(c) Options to Vendors

As at the date of this Prospectus, the Company has agreed to grant a total of 675,000 Options to Carbine and Minotaur on the terms and conditions set out in Section 8.5(b) of this Prospectus except with an exercise price of $0.20 per Option and an exercise period expiry date of three years from the date of grant of the Options.

8.6 Employee Share Option Scheme

The Company has established an employee share option scheme ("**Scheme**"). The Scheme is designed to provide eligible participants with an ownership interest in the Company and to provide additional incentives for eligible participants to increase profitability and returns to Shareholders.

The summary of the Scheme is set out below for the information of potential investors in the Company. The detailed terms and conditions of the Scheme may be obtained free of charge by contacting the Company.

General

The Board may from time to time, in its absolute discretion, offer to grant options to eligible participants under the Scheme.

Each option will be issued for no consideration and will carry the right in favour of the option holder to subscribe for one Share in the capital of the Company.

The Board may determine the exercise price of the options in its absolute discretion provided the exercise price shall not be less than the weighted average of the last sale price of the Company's Shares on ASX at the close of business on each of the five business days immediately preceding the date on which the Directors resolve to grant the options.

Eligible Participants

Full time employees, part time employees and consultants of the Company or an associated body corporate are eligible to participate in the Scheme.

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Lapse of Options

Unless the Board in its absolute discretion determines otherwise, options shall lapse upon the earlier of:

(a) the expiry of the exercise period;

(b) the optionholder ceasing to be within the category of eligible participant by reason of dismissal, resignation or termination of employment, office or services for any reason, except the Directors may resolve within 30 days of such dismissal, resignation or termination, that the options shall lapse on other terms they consider appropriate;

(c) the expiry of one year after the optionholder ceases to be within the category of eligible participant by reason of retirement; and

(d) a determination by the Directors that the optionholder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company or an associated body corporate.

Participation in Future Issues

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 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 seven business days after the issue is announced. This will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

Subject to the Listing Rules, if the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares the exercise price of the options shall be reduced in accordance with the formula in the Listing Rules.

In the event of a bonus issue of Shares being made pro-rata to Shareholders (other than an issue in lieu of dividends), the number of Shares issued on exercise of each option will include the number of bonus Shares that would have been issued if the option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of the option.

Reorganisation

The terms upon which options will be granted will not prevent them being reorganised as required by the Listing Rules on the reorganisation of the capital of the Company.

Trigger Events

Upon the occurrence of certain trigger events (for example the receipt by the Company of a bidder's statement in respect of the Company), the Directors may determine:

(a) that the options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a trigger event, provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the options shall lapse to the extent they have not been exercised; or

(b) to use their reasonable endeavours to procure that an offer is made to holders of options on like terms (having regard to the nature and value of the options) to the terms proposed under the trigger event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

8.7 Directors' Interests

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 two 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 Offer of the Shares; or
- the Offer of the Shares.

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

- the formation or promotion of the Company; or
- the Offer of the Shares.

8.8 Interests of Named Persons

Except as disclosed in this Prospectus, no promoter, underwriter, expert or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, 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 two 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 Offer of the Shares.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or given or agreed to be paid or given to any promoter, underwriter, expert or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner or to any company 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.

Apex Geoscience Australia Pty Ltd will receive professional fees of $17,500 (exclusive of GST) for the provision of the Independent Geologist's Report.

Pendragon Capital Limited has acted as the investigating accountant in relation to the Offer. As investigating accountant, Pendragon Capital Limited has been involved in undertaking due diligence in relation to financial and taxation matters and preparing pro-forma financial accounts, and has prepared the Investigating Accountant's Report which has been included in this Prospectus. In respect of this work the Company has agreed to pay Pendragon Capital Limited a total of $7,500 (exclusive of GST) for these services.

O'Loughlins Lawyers have acted as the solicitors to the Company in relation to the Offer, and in that capacity and otherwise assisting the Company with the preparation of this Prospectus, O'Loughlins Lawyers have been involved in undertaking certain due diligence enquiries in relation to legal matters and providing legal advice to the Company in relation to the Offer and have prepared the Solicitors' Report on Tenements which has been included in this Prospectus. In respect of this work, the Company has agreed to pay O'Loughlins Lawyers $40,000 (exclusive of GST) for these services up to the date of this Prospectus. O'Loughlins Lawyers have been paid $38,092 (exclusive of GST) for professional fees from the Company during the last 24 months.

Wolfstar Group Pty Ltd has acted as Corporate Adviser to the Company in relation to this Prospectus. In respect of this work, Wolfstar Group Pty Ltd is estimated to receive fees of up to between $61,000 and $68,000 (exclusive of GST).

Taylor Collison Limited has agreed to act as sponsoring broker in respect of the Offer pursuant to the Sponsoring Broker Agreement which (including the fees payable to Taylor Collison Limited) is described in Section7.3 of this Prospectus.

Computershare Investor Services Pty Limited has agreed to provide share registry services to the Company in accordance with a detailed schedule of fees listed in its "Proposal to Spencer Resources Limited for Share Registry Services" dated 12 January 2011.

8.9 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 the 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 this Prospectus with the consent of that party as specified in this Section.

Apex Geoscience Australia Pty Ltd has given its written consent to the inclusion in Section 4 of this Prospectus of its Independent Geologist's Report and to all statements in the Prospectus referring to that report in the form and context in which they appear, and to being named as the Independent Geologist, and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

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Pendragon Capital Limited has given its written consent to the inclusion in Section 5 of this Prospectus of its Investigating Accountant's Report and to all statements referring to that report in the form and context in which they appear, and to being named as Investigating Accountant, and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

O'Loughlins Lawyers have given their written consent to being named as Solicitors to the Company and for the inclusion in Section 6 of this Prospectus of their Solicitors' Report on Tenements and to all statements referring to that report in the form and context in which they appear, and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Taylor Collison Limited has given, and as at the date hereof has not withdrawn its written consent before lodgement of this Prospectus with ASIC, to be named as the Sponsoring Broker to the Offer.

Wolfstar Group Pty Ltd has given, and as at the date hereof has not withdrawn its written consent before lodgement of this Prospectus with ASIC, to be named in this Prospectus as the Corporate Adviser to the Company in the form and context in which it is named.

Computershare Investor Services Pty Limited ("**Computershare**") has given and, as at the date hereof, has not withdrawn its written consent to be named as Share Registrar in the form and context in which it is named. Computershare has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registrar to the Company. Computershare has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

Copies of the consents to the issue of this Prospectus are available for inspection, without charge, at the registered office of the Company.

There are a number of other persons referred to in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause this issue of the Prospectus.

8.10 Electronic Prospectus

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC and the issue of securities in response to an electronic application form subject to compliance with certain provisions.

If you have received this Prospectus as an electronic prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at info@spencerresources.com.au and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

8.11 Documents Available for Inspection

Copies of the following documents may be inspected free of charge at the registered office of the Company during normal business hours:

- the material contracts referred to in Section 7 of this Prospectus;
- the Constitution of the Company; and
- the consents referred to in Section 8.9 of this Prospectus.

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9. Definitions

In this Prospectus, unless the context otherwise requires:

"A$"** and **"$" means Australian dollars, unless otherwise stated.

"Applicant" means a person who submits an Application Form under this Prospectus.

"Application Form" means the application form contained in this Prospectus or a copy of the application form contained in this Prospectus or a direct derivative of the application form which is contained in this Prospectus.

"Application Money" means 20 cents being the amount payable in respect of each Share under the Offer.

"Application" means a valid application to subscribe for Shares.

"ASIC" means Australian Securities and Investments Commission.

"ASTC Settlement Rules" means the operating rules of the ASTC and, to the extent that they are applicable, the operating rules of ASX and the operating rules of Australian Clearing House Pty Ltd.

"ASTC" means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

"ASX" means ASX Limited (ACN 008 624 691).

"Board of Directors" and **"Board"** means the Board of Directors of the Company as constituted from time to time.

"Business Day" means a day on which the trading banks are open in Adelaide, South Australia.

"**Carbine**" means Carbine Tungsten Limited (ACN 115 009 106) (previously called Icon Resources Limited).

"CHESS" means ASX Clearing House Electronic Subregistry System.

"Closing Date" means the date on which the Offer closes.

"Company" means Spencer Resources Limited (ACN 148 162 092).

"Completion of the Offer" means the allotment of at least 12,500,000 Shares offered under this Prospectus.

"Constitution" means the constitution of the Company.

"Corporations Act" means the Corporations Act 2001 of Australia.

"CST" means Central Standard Time as applicable in Adelaide, South Australia.

"Directors" means the directors of the Company.

"EL" and **"Exploration Licence"** means an area granted under the South Australian Mining Act in respect to mineral exploration.

"ELA" and **"Application for Exploration Licence"** means an Exploration Licence application.

"EPM" and **"Exploration Permit for Minerals"** means an area granted under the Queensland Mining Act in respect of mineral exploration.

"Exposure Period" means the period of seven days (or longer as ASIC may direct) from the date of lodgement of the Prospectus with ASIC.

"HIN" means holder identification number.

"**Investigator"** means Investigator Resources Limited (ACN 115 338 979).

"Issue" means the issue of Shares pursuant to this Prospectus.

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"Issuer Sponsored" means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

"Listing Rules" means the listing rules of ASX.

"Maximum Subscription" means $3,200,000 or 16,000,000 Shares.

"Minimum Subscription" means $2,500,000 or 12,500,000 Shares.

"Minotaur" means Minotaur Operations Pty Limited (ACN 108 925 284).

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

"Offer Price" means 20 cents being the amount payable in respect of each Share under the Offer.

"Offer" means the invitation to apply for Shares pursuant to this Prospectus.

"Official List" means the Official List of ASX.

"Opening Date" means the date immediately following the expiry of the Exposure Period.

"Option" means a right to subscribe for a Share.

"Optionholder" means a holder of an Option.

"Prospectus" means this disclosure document.

"Queensland Mining Act" means the Mineral Resources Act 1989 of Queensland.

"Quotation" means quotation of the Shares on the Official List.

"Share Registrar" means Computershare Investor Services Pty Limited (ACN 078 279 277).

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

"Shareholder" means a holder of a Share.

"South Australian Mining Act" means the Mining Act 1971 of South Australia.

"Spencer Resources Limited" or **"Spencer Resources"** means the Company.

"Tenement" means an EL, ELA, EPM or any other form of mineral licence or title held or applied for by the Company or in which the Company has an interest.

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10. Directors' Consents

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

Dated: 6 October 2011

Signed for and on behalf of the Company

BEN MIELS
Director

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SPENCER

RESOURCES LIMITED