



Prospectus

FLORIN MINING INVESTMENT COMPANY LIMITED ACN 111 170 882

Prospectus for the issue of up to 50,000,000 fully paid ordinary shares at an offer price of \$0.20 each to raise up to \$10 million

Together with a SERIES A option to acquire ordinary shares exercisable at \$0.25 per share and a SERIES B option to acquire ordinary shares exercisable at \$0.40 per share

Brokers to the issue –



Cameron Stockbrokers Limited



Pritchard & Partners Pty Ltd



DIRECTORY

Directors

Victor Gowan Burley
Robert Franklin Cameron
Steven Shane Pritchard
Daniel Di Stefano

Principal Business Office

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Ph: (02) 8223 5100
Fax: (02) 9232 7272

Auditors

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Level 5 Hunter Mall Chambers
175 Scott Street
NEWCASTLE NSW 2300
Ph: (02) 4926 2699
Fax: (02) 4929 1435

Company Secretary

Daniel Di Stefano

Registered Office

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Ph: (02) 4920 2877
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Manager

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(AFS Licence Number 246705)
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Sponsoring Broker & Nominated Adviser

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Licensed Intermediary

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Share Registry

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Registries Pty Ltd
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Brokers To The Issue

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Accountant & Taxation Adviser

Rees Pritchard Pty Limited
10 Murray Street
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Solicitors

Baker & McKenzie
Level 26, A.M.P. Centre
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INDICATIVE DATES

Date of Prospectus	4 November 2004
Opening Date	11 November 2004
Closing Date	17 December 2004
Trading of Shares expected to commence on NSX	21 December 2004

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

The Company reserves the right to vary any of the above dates, and in particular, to close the Offer earlier than 17 December 2004 or extend the Closing Date.



IMPORTANT NOTICES

No Shares or Options will be issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date 13 months after the date of this Prospectus.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by the Company in connection with the Offer.

Defined terms and abbreviations included in the text of this Prospectus are set out in the Glossary (Section 10).

The Company will apply to NSX for the Shares and Options listed for quotation on NSX within 7 days after the date of this Prospectus.

A copy of the prospectus has been lodged with the Australian Securities & Investments Commission ("ASIC") and ASIC takes no responsibility for the content of the prospectus.

Offers under this Prospectus will be made pursuant to an arrangement between the Company and licensed securities dealers or Australian Financial Services Licensees ("dealer") pursuant to Section 911A(2)(b) of the Corporations Act. The Company will only authorise dealers to make offers to people to arrange for the issue of Shares or Options by the Company under the Prospectus and the Company will only issue Shares and Options in accordance with such offers if they are accepted.

The Company will forward all Application Forms and Application Monies to Cameron Stockbrokers Limited ("Camerons"). Camerons will deposit and deal with the Application Monies pursuant to this Prospectus. Any Application Form received which does not bear a dealer's stamp will be forwarded to Camerons.

Camerons' function should not be considered as an endorsement of the Offer nor a recommendation of the suitability of the Offer for any investor. Camerons does not guarantee the success or performance of the Company or the returns (if any) to be received by investors. Neither Camerons nor any other dealer is responsible for or caused the issue of this Prospectus. The Company reserves the right to enter into similar arrangements to those with Camerons with other dealers.

The Offer or invitation to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia. Electronic copies of the Prospectus can be downloaded from any of the following websites www.florin.com.au, www.camstock.com.au or www.pritchards.com.au.

The Company will send to a person a copy of the paper Prospectus and Application Form free of charge if the person asks during the application period.

The Shares and Options to which the Electronic Prospectus relates will only be issued or transferred on receipt of a printed copy of the electronic Application Form together with a printed copy of the Prospectus. The Application Form may be generated by software accessible by the same means as the Prospectus.

How to Apply

An application for Shares and Options under this Offer can only be made by completing and lodging the Application Form attached at the back of this Prospectus. Detailed instructions on completing the Application Form can be found on the back of the Application Form.

IMPORTANT NOTICES *continued*

Applications must be for a minimum of 10,000 Shares at \$0.20 each and 20,000 attaching Options i.e. \$2,000. Additional number of Shares and Options may be applied for in multiples of 500 Shares and 1,000 attaching Options respectively i.e \$100.

Applications must be accompanied by payment in Australian currency of \$0.20 per Share. Cheques should be made payable to "Florin Mining Investment Company Limited – Float Account" and crossed "Not Negotiable". No brokerage or stamp duty is payable by Applicants.

Completed Application Forms, together with Application Monies, should be forwarded to one of the following addresses:

In Person:

Florin Mining Investment Company Limited
Share Offer
C/- Cameron Stockbrokers Limited
Level 5,
10 Spring Street
Sydney NSW 2000

Florin Mining Investment Company Limited
Share Offer
C/- Pritchard & Partners Pty Limited
10 Murray Street
Hamilton NSW 2303

By Mail:

Florin Mining Investment Company Limited
Share Offer
C/- Cameron Stockbrokers Limited
GPO Box 4248,
Sydney NSW 2001

Florin Mining Investment Company Limited
Share Offer
C/- Pritchard & Partners Pty Limited
PO Box 413
Hamilton NSW 2303

When to Apply

Completed Applications must be received by Camerons prior to 5.00 pm (EST) on the expected Closing Date. The Directors may close the Offer at any time without prior notice or extend the Offer period in accordance with the Corporations Act. Early lodgement of your Application is recommended as the Offer may be closed early.

The Directors reserve the right to allocate any lesser number of Shares and Options than those for which Applicant has applied. Where the number of Shares and Options allotted is fewer than the number applied for, surplus Application Monies will be refunded without interest.

Enquiries

Investors with questions on how to complete the Application Form or who require additional copies of the Prospectus should contact Rob Cameron at Cameron Stockbrokers Limited on 1800 657 753 or Steven Pritchard or Daniel Di Stefano at Pritchard & Partners Pty. Limited on 1800 134 234.



1. SUMMARY

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares and Options.

The performance of the Company is not guaranteed by the Manager or any adviser to the Company.

1.1 Objective

The Company has been established to provide investors exposure (through their shareholding) to a diversified portfolio of investments in the natural resource sector.

The Portfolio will be managed with a philosophy of capital growth through investing primarily in listed natural resource companies.

Details of the Company's investment strategy and investment philosophy are contained in Section 2.

1.2 The Offer

The Company will offer for subscription up to 50,000,000 Shares at \$0.20 per Share to raise up to \$10,000,000. For each Share issued, subscribers will receive 1 Series A Option to subscribe for a Share at an exercise price of \$0.25 exercisable at any time on or before 5 pm on 15 December 2006, and Series B Option to subscribe for a Share at an exercise price of \$0.40 exercisable at any time on or before 5 pm on 15 December 2008.

1.3 Listed Investment Company

It is intended that the Company will satisfy the criteria to be considered a Listed Investment Company (LIC) for the purposes of the Income Tax Assessment Act 1997 (Cth). Should the Company be able to satisfy the LIC criteria, tax concessions may be available to some Shareholders that allow the benefit of the discount capital gains tax regime to "flow through" to them in a similar way that would be available if the Company had been established in a trust structure.

The ability of Shareholders to enjoy these tax concessions is dependent on, among other things, the nature of the Company's investments and the time period for which the Company holds those investments. The Company will seek to satisfy the LIC requirements to make these tax concessions available to Shareholders, but this may not be possible and therefore there is no representation, warranty or guarantee given that it will at all times be able to do so. Additional information in respect of the LIC criteria is contained in Sections 2.9.

1.4 Management

Cameron Stockbrokers Limited (the "Manager") will manage the portfolio of investments of the Company ("Portfolio").

The Manager, holds an Australian Financial Services Licence and is a participant of both Australian Stock Exchange Limited and Stock Exchange of Newcastle Limited

1.5 Management Fee

The Manager will receive a management fee of 1% of gross assets per annum, calculated and payable upon a monthly basis.

1. SUMMARY *continued*

1.6 Performance Fee

Where the Portfolio has increased in value over a 12 month period ("Performance Calculation Period") the Manager will also be entitled to a Performance Fee of 20% of:

- a) where the level of the UBS Warburg Australian Bank Bill Index has increased over that period, the amount by which the value of the Portfolio exceeds this increase; or
- b) where the UBS Warburg Australian Bank Bill Index has decreased over that period, the amount of the increase in the value of the Portfolio.

No Performance Fee will be payable to the Manager in respect of any Performance Calculation Period where the Portfolio has decreased in value over that period.

The Manager will also be entitled to be reimbursed for certain expenses under the Management Agreement. See Section 8.1 for details.

The Company will also indemnify the Manager against any Goods and Services Tax payable in respect of any of the above fees.

1.7 Risk Factors

An investment in the Company is speculative and involves a number of risks. While the Directors intend to use prudent management techniques to minimise the risks to Shareholders, no assurances can be given by the Company as to the success or otherwise of its business.

Investors should consider the risk factors identified in this Prospectus, particularly those identified in Section 6, before applying for Shares and Options.

1.8 Offer not Underwritten

The Offer is not underwritten.

1.9 Minimum Subscription

The intended minimum subscription for the Offer is \$500,000, being receipt of valid Applications for not less than 2,500,000 Shares and 5,000,000 attaching Options. If this Minimum Subscription is not achieved and the Application Price for these Shares is not received by the Company by the date 4 months after the date of this Prospectus, the Company will repay all money received from Applicants within 7 days after that date.

1.10 Applications for Shares & Options

Applications for Shares and Options must be made and will only be accepted on the Application Form issued with and attached to this Prospectus.

An Application Form must be completed in accordance with the instructions set out on the reverse side of the Application Form. Applications must be for a minimum of 10,000 Shares and 20,000 Options for a total of \$2,000. Applications may be made for additional Shares and Options in multiples of 500 Shares and 1,000 Options for \$100. The Company reserves the right to except smaller Applications.

Applications must be accompanied by payment in Australian currency of \$0.20 for each Share and Option applied for. Cheques must be made payable to "Florin Mining Investment Company Limited – Float Account" and crossed "Not Negotiable". Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. No stamp duty or brokerage is payable by Applicants.



1. SUMMARY *continued*

The amount payable on Application will not vary during the period of the Offer and no further amount is payable on allotment.

Completed Application Forms and accompanying cheques may be lodged with:

In Person:

Florin Mining Investment Company Limited
Share Offer
C/- Cameron Stockbrokers Limited
Level 5,
10 Spring Street
Sydney NSW 2000

Florin Mining Investment Company Limited
Share Offer
C/- Pritchard & Partners Pty Limited
10 Murray Street
Hamilton NSW 2303

By Mail:

Florin Mining Investment Company Limited
Share Offer
C/- Cameron Stockbrokers Limited
GPO Box 4248,
Sydney NSW 2001

Florin Mining Investment Company Limited
Share Offer
C/- Pritchard & Partners Pty Limited
PO Box 413
Hamilton NSW 2303

A binding contract to issue Shares and Options will only be formed at the time Shares are allotted and Options granted to Applicants.

Application Forms will be accepted at any time after the issue of this Prospectus and prior to the close of business on the expected Closing Date.

1.11 NSX Listing

Application will be made to the NSX within 7 days after the date of this Prospectus for the Company to be listed on the NSX and for quotation of the Shares and Options issued pursuant to this Prospectus and all other Shares on issue as at the date of such quotation.

The NSX and its officers take no responsibility for the contents of this Prospectus. The fact that the NSX may admit the Company to its Official list is not to be taken in any way as indication of the merits of the Company or the securities offered pursuant to this Prospectus.

The Directors do not intend to allot any Shares and Options unless and until NSX grants permission for the Shares and Options to be listed for quotation unconditionally or on terms acceptable to the Directors. If permission is not granted for the Shares and Options to be listed for quotation before the end of 3 months after the date of this Prospectus or such longer period permitted by the Corporations Act with the consent of ASICs, all Application Moneys received pursuant to the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

1.12 Allotment

No allotment of Shares and Options will be made until the intended minimum subscription has been received and permission has been granted by the NSX for quotation of the Shares and Options unconditionally or on terms acceptable to the Directors. It is expected that allotment of the Shares and Options will take place by 17 December 2004.

1. SUMMARY *continued*

The Company will forward all Application Forms it receives to Camerons. All Application Monies pursuant to this Offer will be held in a subscription account until Allotment. No interest is payable on any Application Monies. This account will be established and kept by Camerons on behalf of the Applicant.

An Application constitutes an offer by the Applicant to subscribe for Shares and Options on the terms and subject to the conditions set out in this Prospectus. Where the number of Shares and Options allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned by cheque within 7 days of the Closing Date. Interest will not be paid on the refunded Application Monies.

1.13 CHES

The Company will apply to the NSX to participate in the Securities Clearing House Electronic Subregister System known as CHES. CHES is operated by the ASX's Securities Clearing House ("SCH") in accordance with the Listing Rules and the SCH Business Rules. Under CHES, the Company will not issue certificates to investors who elect to hold their shares on the CHES subregister. After allotment of Shares, Shareholders will receive a CHES statement.

The CHES statements which are similar to bank account statements, will set out the number of Shares allotted to each Shareholder pursuant to this Prospectus. The statement will also advise holders of their holder identification number and explain for future reference the sale and purchase procedures under CHES.

Further statements will be provided to holders which reflect any changes in their shareholding in the Company during a particular month.

1.14 Overseas Shareholders

The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.



2. INFORMATION ON THE COMPANY

2.1 Overview of Business

Florin Mining Investment Company Limited (“the Company”) has been formed in order to provide Shareholders with exposure to a portfolio of investments in natural resource companies.

The Company provides a practical way for Applicants to gain exposure to a portfolio of investments in natural resource companies, many of which they may not encounter in their day to day investing activities. (see Section 2.7 for details of Permitted Investments).

Whilst it is anticipated that the Company will predominantly invest in listed Australian securities and managed funds, it may also invest in unlisted and overseas securities and managed funds.

In making its investment decisions the Company will generally take a medium to long term view with respect to its investments.

The Company intends to focus on active capital management which may involve the issue of securities through bonus issues, rights issues and option issues, with a view to enhancing the value of the Securities held by the investor.

The Company will also maintain a Dividend Reinvestment Plan (see Section 9.8 for details).

2.2 Investment Objectives

The three investment objectives of the Company are to:

- preserve the capital of the Company;
- achieve a high real rate of return, comprising both income and capital growth; and
- generally, limit the investments of the Company to natural resource companies being those companies;

- (a) who derive a significant proportion of their revenues from the mining of base and precious metals, industrial minerals, and bulk commodities, the production of oil and gas or geothermal energy; or
- (b) have a significant proportion of their assets invested, or they propose to invest a significant proportion of their assets, in activities involved in the exploration for base and precious metals, industrial minerals, bulk commodities, oil, gas and geothermal energy.

The investment objectives should be treated as a target only and should not be considered as an assurance or guarantee of the Portfolio or any part of it.

2.3 Investment Philosophy

The Company seeks to maximise the capital growth of its Portfolio by investing in natural resource companies. Investments will primarily be in mining or exploration companies – that are either producing or exploring for base and precious metals, industrial minerals and bulk commodities. From time to time the portfolio may have exposure to oil, gas and geothermal energy companies.

Whilst in making its investment decisions the Company will generally take a medium to long term view, it may however, from time to time acquire investments with a view to profit through short term trading opportunities.

The Company recognises that investment markets are not always perfectly efficient. This provides the opportunity for the Company to generate investment results. The Company believes that this can only be achieved on a consistent basis by adopting a long term investment horizon, seeking to invest in companies

2. INFORMATION ON THE COMPANY *continued*

and securities which the potential for high or improving growth over the medium to long term.

The Company will:

- (a) focus on the investment merits of individual stocks rather than market and economic trends; and
- (b) be an active investor, seeking to invest in shares which it assesses to be undervalued relative to their longer term growth prospects.

In accordance with its long-term investment philosophy, the Company does not intend to seek to increase profit for distribution to Shareholders by selling investments. The Company intends to reflect the revaluation of its investments in the asset revaluation reserve rather than in operating profit, subject to compliance with any future changes in relevant accounting standards.

2.4 Investment Strategy

To achieve its investment objectives the Company intends to invest predominantly in the Australian equities market, however, it may invest in unlisted securities and managed funds and securities and managed funds quoted on overseas exchanges. The Company may also invest in any other Permitted Investments – see Section 2.7.

The Company will look to predominately invest in those Companies that derive at least 25% of their revenue from, or have at least 25% of their net assets invested in the mining and or exploration of base and precious metals, industrial minerals, bulk commodities, the production and exploration of oil and gas and geo thermal energy.

Whilst it is expected that the Portfolio will be diversified across a number of stocks in the natural resource sector, the portfolio structure will be based on the investment merits of individual companies and

their securities and will not be limited or constrained to any particular exposure to natural resources, for example minerals or commodities. This may at times lead to a high investment exposure to any one group of companies in a particular section of the natural resources sector, for example, companies in the minerals or commodities areas. The Company does not intend to follow the weightings of an ASX or other index.

The Company may from time to time borrow on either a secured or unsecured basis to purchase additional Permitted Investments, or provide additional working capital for the Company. Any borrowings however will be limited to a maximum of three times Shareholders' equity.

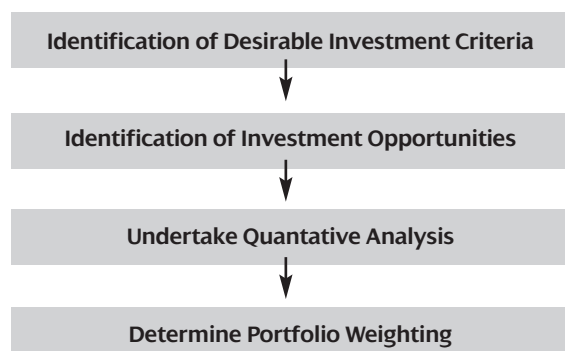
The Company intends to manage its Portfolio with a view to building the number of issuers represented in the Portfolio to a minimum of 20 and a maximum of 100.

The above strategy may be achieved through the purchase of shares or other Permitted Investments. See Section 2.7: Permitted Investments below for details.

2.5 Investment Process

The Company has appointed the Manager to manage and invest the Company's funds in the Portfolio.

The Manager will adopt a disciplined investment process that is illustrated by the following flow chart:





2. INFORMATION ON THE COMPANY *continued*

(a) Identification of Desirable Investment Criteria

In assessing the relevant merits of the various investment opportunities available, the Manager regards the following as desirable investment criteria:

- Attractive investment fundamentals such as low price to earnings and cash flow multiples that reflect undervaluation presently, not based on what may occur in the future
- Attractive return on equity
- Companies which are temporarily out of favour with the market or have been the subject of negative reports
- Good long term growth potential
- Management has a record of performance and integrity
- Management owns a material number of shares in the entity
- Securities that are trading at prices less than their intrinsic value

(b) Identification of Investment Opportunities

The Manager will undertake various activities to identify Investment Opportunities for the Company.

These activities may include but are not limited to:

- Discussions with industry competitors, customers and suppliers (if relevant)
- Examination of Independent and Broker Research
- Identification of Key Industry Trends
- Meeting with Key Management of potential investees
- Monitoring Media Coverage

- Perusal of Company Annual Reports and Announcements
- Review the Impact of Legislative Changes
- Undertake site visits

(c) Undertake Quantative Analysis

The Manager will, if relevant, undertake a financial analysis of the proposed investees.

This will generally include a calculation of the potential investees';

- Debt to Equity Ratio
- Earnings before Interest, Tax, Depreciation, and Amortisation
- Enterprise Value
- Growth In Earnings Per Share
- Net Tangible Assets
- Price Earnings Ratio
- Return on Equity

(d) Determine Portfolio Weighting

The Manager, in consultation with the Company, will determine appropriate Portfolio weighting. The aim, however, is to have a diverse Portfolio that does not have heavy exposure to any one share or other financial product.

2.6 Dividend Policy

The Company intends to pay dividends from the profit, dividend and interest income as permitted by law and prudent business practices. Dividends will be franked to the extent that available imputation credits permit.

2. INFORMATION ON THE COMPANY *continued*

2.7 Permitted Investments

Under the Management Agreement, the Manager is permitted to undertake investments on behalf of the Company without Board approval. However, if the proposed investment is not in accordance with written guidelines issued by the Board from time to time, Board approval for the investment is required.

The Company proposes to invest in the following investments:

- (a) Shares, stock, rights or other securities;
- (b) warrants and options to purchase any investment and warrants and options to sell any investment which is a Permitted Investment;
- (c) interest bearing deposits, bills of exchange, promissory notes or other negotiable instruments;
- (d) debentures, unsecured notes and bonds of a corporation;
- (e) any securities, bonds, notes or other interest bearing debt issued by any Government;
- (f) interests in managed investment schemes (both registered and unregistered); and
- (g) any other financial products which the Manager may use in the management of the Portfolio in accordance with its Australian Financial Services Licence.

Details of the the Manager's experience in providing Financial Product Advice and Dealing and the types of Financial Products in relation to which the Manager has this experience, can be found in Section 9.4.

2.8 Reports to Shareholders

To assist Shareholders to assess the value of their Shares and Options, within 14 days after the end of each month the Company will release to Shareholders through NSX a statement of the net tangible asset backing of its Shares as at the end of the preceding month.

The Company will provide to holders of Shares and Options on request, free of charge, a copy of statements to Shareholders through NSX of the net tangible asset backing of Shares from time to time.

2.9 Listed Investment Company Status

The Company considers that the tax concessions available to certain Shareholders that would result if the Company is able to meet the criteria to be considered a LIC, are an important benefit to be made available to Shareholders.

Notwithstanding that it is presently considered beneficial for Shareholders, there can be no certainty that the Company will be able to meet the LIC criteria on an ongoing basis and that the tax concessions presently available will continue to be available to Shareholders or will be advantageous for all Shareholders. Similarly, changes in the taxation legislation or the interpretation of that legislation may require the Company to reconsider its position in relation to being considered an LIC as outline above. Accordingly, potential Applicants should not make a decision to apply for Shares and Options under this Prospectus primarily on the basis of any taxation benefits.



3. INFORMATION ON THE MANAGER

3.1 Business of Manager

The Manager was incorporated on 23 December 1999 and was issued with an unrestricted security dealers licence by the Australian Securities Commission on 11 July 2000. The Manager became a Participating Organisation of the Australian Stock Exchange Limited, in 2000 and acquired the firm of Cameron Securities, which was established by Robert Cameron in 1993.

Since its establishment the Manager has provided investment advice, stockbroking services and corporate advisory services to a diverse range of clients.

In 2004, the Manager was granted an AFS Licence.

The Manager, is currently a participant of both the Australian Stock Exchange Limited and the Stock Exchange of Newcastle Limited.

3.2 Performance History

As the Manager has previously provided investment

advisory services for a range of uniquely individual portfolios which differ according to investment entry dates, cash additions and withdrawals and existing investments it is not possible to measure the overall investment performance of these portfolios.

Set out below is a list of recommended share purchases that the Manager has made by a general email to clients in respect to stocks in the natural resource area within the last three years. The Manager did not make the recommendations in the table below on a Portfolio basis but as individual recommendations to the Manager's clients. As the table below demonstrates, the Manager has been actively providing investment advisory services in relation to stocks in the natural resources sector for at least the past last two and a half years.

As the contents of the table demonstrate, the investments can go up and down. Past performance is not necessarily indicative of future performance.

DATE OF RECOMMENDATION	STOCK	PRICE	PRICE AT 30/09/04*	DIVIDENDS cps	CHANGE	
					\$	%
06/02/02	Adamus Resources Limited	\$0.285	\$0.860	-	+0.575	+201.75
21/03/02	Haddington Resources Limited	\$0.220	\$0.145	1.00	-0.075	-34.09
15/04/02	Matrix Metals Limited	\$0.095	\$0.090	-	-0.005	-5.26
13/06/02	AKD Limited	\$0.020	\$0.017	-	-0.003	-15.00
04/07/02	Adamus Resources Limited	\$0.185	\$0.860	-	+0.675	+364.86
06/08/02	Kingsgate Consolidated Limited	\$2.600	\$3.000	62.00	+0.400	+15.38
06/08/02	Newcrest Mining Limited	\$6.210	\$15.190	15.00	+8.980	+144.61
06/08/02	Croesus Mining NL	\$0.610	\$0.540	2.50	-0.070	-11.48
06/08/02	Lihir Gold Limited	\$1.090	\$1.070	1.80	-0.020	-1.83
06/08/02	Emperor Mines Limited	\$0.650	\$0.610	-	-0.040	-6.15
06/08/02	Sipa Resources Limited	\$0.260	\$0.115	-	-0.145	-55.77
06/08/02	Perseverance Corporation Limited	\$0.165	\$0.305	-	+0.140	+84.85
18/11/02	Anvil Mining NL	\$0.115	\$0.490	-	+0.375	+326.09
27/11/02	Adamus Resources Limited	\$0.180	\$0.860	-	+0.680	+377.78
04/12/02	Dalrymple Resources NL	\$1.950	\$2.329**	-	+0.379	+19.42
16/01/03	MPI Mines Limited	\$0.492	\$1.92	-	+1.428	+290.24
04/02/03	Perseverance Corporation Limited	\$0.210	\$0.305	-	+0.095	+45.24
14/08/03	Hampton Hill MiningNL	\$0.235	\$0.235	-	-	-
12/09/03	New Hope Corporation Limited	\$0.674	\$1.320	2.25	+0.646	+95.85
02/10/03	Fox Resources NL	\$0.530	\$0.600	-	+0.070	+13.21
25/02/04	Halcyon Group Limited	\$0.033	\$0.017	-	-0.016	-48.48

* The Manager has chosen to show the price for each stock in the above table as at 30 September 2004. Applicants should note that there is no significance attached to this date as the stocks represented traded between a lower and upper range from the date of the Manager's recommendation to 30 September 2004 and the price at 30 September 2004 is not intended to indicate the lower or upper price in the range that the stock traded during this period. The information in the table shows that the Manager has made a number of stock recommendations over the past two and a half years and some of those recommended stocks have subsequently increased in price and some of those recommended stocks reduced in price. Past performance is not a reliable indicator of future performance.

** Dalrymple Resources NL merged with Lionore Mining International Limited on 14th November, 2003 on the basis of 2.92 shares in Lionore Mining International Limited for every 1 share held in Dalrymple Resources NL.

3. INFORMATION ON THE MANAGER *continued*

3.3 Experience of the Manager

The Manager currently manages on a discretionary basis, in excess of \$40,000,000, and while the Manager has not previously managed a Listed Investment Company, the Manager is of the belief that, with the strategic advice and assistance from the board of directors, it possess all of the qualifications, skills and experience required to contribute to a successful outcome for the Company including advising and dealing in investments, stockbroking, investment portfolio construction and management, accounting, taxation and general business management.

Further details in respect to the directors can be found in Section 5.

3.4 Manager's Personnel

The Manager's personnel primarily responsible for making investment decisions are Robert Cameron and Steven Pritchard.

The Manager currently has 9 representatives and 9 authorised representatives who provide financial product advice and deal in financial products under the Manager's AFS Licence.

(a) **Robert Cameron**

Robert Cameron has been involved in the securities industry since 1970.

He is the founder and Managing Director of Cameron Stockbrokers Limited, which is a participant of both Australian Stock Exchange Limited and Stock Exchange of Newcastle Limited.

In 1986, Robert Cameron jointly founded Winpar Holdings Limited, a listed investment company on the Stock Exchange of Newcastle Limited.

Additional details in respect of Robert Cameron can be found in Section 5.

(b) **Steven Pritchard B Com., CPA, ASIA**

Steven Pritchard was responsible for the establishment of Pritchard & Partners Pty. Limited in March 1996. He has been a director of the accounting firm Rees Pritchard Pty. Limited since 1989.

He has been providing investment advice to a diverse range of clients for over 17 years.

Steven Pritchard is currently also the Executive Chairman of Illuminator Investment Company Limited, a listed investment company, and Cameron Stockbrokers Limited, and is a director of the listed investment company Winpar Holdings Limited.

Additional details in respect of Steven Pritchard can be found in Section 5.



4. PRO FORMA FINANCIAL INFORMATION

The Company was incorporated on 29 September 2004 and no financial information is yet available. Therefore, set out below are pro forma Statements of Financial Position and Cash Position.

4.1 Pro Forma Statements of Financial Position & Pro Forma Cash Position

The pro forma Statements of Financial Position and Cash Position set out below have been prepared to illustrate the financial position and cash position of the Company following completion of the Issue. These pro forma Statements of Financial Position and Pro Forma Cash Position are intended to be illustrative only and may not reflect the actual position and balances as at the date of this Prospectus or at the conclusion of the Issue.

Pro Forma Statement Of Financial Position

	Minimum Subscription \$	\$2.5 million Subscription \$	Maximum Subscription \$
Assets	-	-	-
Cash	453,991	2,412,491	9,753,991
Liabilities	-	-	-
Net Assets	453,991	2,412,491	9,753,991
Equity	453,991	2,412,491	9,753,991
NTA per share	18.16 cents	19.29 cents	19.50 cents

Pro Forma Cash Position

	Minimum Subscription \$	\$2.5 million Subscription \$	Maximum Subscription \$
Initial issue subscriber	1	1	1
Proceeds of Prospectus Offer	500,000	2,500,000	10,000,000
Expenses of Offer (Refer to Section 4.3)	(46,010)	(87,510)	(246,010)
Estimated Net Cash Position	453,991	2,412,491	9,753,991

4. PRO FORMA FINANCIAL INFORMATION *continued*

4.2 Assumptions

These pro forma Statements of Financial Position have been prepared on the basis of the following assumptions:

1. Application of the proposed accounting policies and notes to the accounts set out in Section 4.4.
2. In the pro forma Statement of Financial Position entitled "Minimum Subscription", reference is to subscription of 2,500,000 Shares by Applicants under this Prospectus.
3. In the pro forma Statement of Financial Position entitled "\$2.5 million Subscription", reference is to subscription of 12,500,000 Shares by Applicants under this Prospectus.
4. In the pro forma Statement of Financial Position entitled "Maximum Subscription", reference is to subscription of 50,000,000 Shares by Applicants under this Prospectus.
5. Initial expenses relating to the Issue includes a handling fee and commission of up to 2% of the funds raised that may be paid to an Applicant's Licensed Advisor. For the purpose of the above pro forma Statements of Financial Position, it has been assumed that handling fees of 2% will be paid on all Applications in respect of Shares issued.
6. Expenses of the offer have been paid and recognised in Equity.

4.3 Expenses of the Offer

The expenses of the Offer are estimated below, according to the amount of funds raised on the Issue:

	Subscription for \$500,000 issue \$	Subscription for \$2.5 million issue \$	Subscription for \$10 million issue \$
Handling fees on subscription	10,000	50,000	200,000
ASIC Fees	2,010	2,010	2,010
NSX Listing Fees	5,000	5,500	13,000
Legal Fees	10,000	10,000	10,000
Accounting Fees	10,000	10,000	10,000
Other Costs	9,000	10,000	11,000
Total Estimated Costs	46,010	87,510	246,010

4.4 Proposed Accounting Policies and Notes to Accounts

A summary of significant accounting policies which have been adopted in the preparation of the pro forma

Statements of Financial Positions set out in Section 4.1 or which will be adopted and applied in preparation of the financial statements of the Company for the year ended 30 June 2005 and subsequent years follows:



4. PRO FORMA FINANCIAL INFORMATION *continued*

(a) Basis of preparation of accounts

The financial statements are a general purpose financial report that have been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Act 2001. The Statements are prepared from the records of the Company on an accruals basis. They are based on historical costs and do not take into account changing money values or, except where specifically stated, current valuation of non-current assets.

(b) Investments

Listed shares and securities are valued at market value as quoted on the relevant financial market. Non listed shares and securities are valued at their estimated market value. Investments including shares and securities are valued continuously and for this reason, cost of sales equals sales revenue when investments are sold. Revaluations are credited directly to the Asset Revaluation Reserve after deducting a provision for potential deferred capital gains tax. When shares, securities and other investments are disposed of, the balance in the Asset Revaluation Reserve relating to the disposed share, security or other investment is transferred to the Capital Profits Reserve.

(c) Revenue recognition

Dividends and distributions are brought to account on the date that the shares or units are traded "ex dividend". Interest income is brought to account on an accruals basis.

4.5 Income Tax

It is intended that the Company will be established as a LIC as defined in Subdivision 115-D of the Income Tax Assessment Act 1997 (Cth) and that the activities of the Company will be such that it will continue to satisfy the requirements of being a LIC.

As a result of being a LIC, tax concessions should be available to Australia tax resident investors in the Company that are individuals, trusts, partnerships, complying superannuation funds and certain eligible life insurance companies ("the eligible investors"). Broadly, the tax concessions are intended to ensure that shareholders of LICs will receive comparable tax treatment to investors in managed funds for distributions sourced from certain capital gains. This concession may be available where capital gains are made by the Company and are passed on to investors by way of dividends. The Tax Opinion included in this Prospectus at Section 7 provides more details of this tax concession.

In order for the Company to be treated as a LIC for tax purposes, a number of requirements detailed in the tax law must be satisfied. Broadly, the Company must:

- be an Australian resident company;
- be listed for quotation on a stock exchange approved under the Corporations Act;
- have at least 90% of the market value of its capital gains tax assets being permitted investments, such as shares, options, units, financial instruments and certain asset types which have the main use of deriving passive income such as interest, annuities, rent, royalties or foreign exchange gains; and
- own no more than 10% of any other company or trust (except where it owns a 100% subsidiary that is also a LIC and its direct and indirect ownership interests in other LICs).

In the event that the Company does not continue to satisfy these requirements, other than a temporary breach or an event outside of the control of the Company, the tax concessions detailed in the Tax Opinion will cease to be available to investors in the Company.

5. DIRECTORS

5.1 Victor Gowan Burley B.E.(Hons)(Monash), M.Bld.Sc.(Sydney), Grad. I. E. Aust., – Chairman

Victor Burley graduated from Monash University, with a Bachelor of Engineering (Honours 1) in 1974.

He subsequently relocated to Sydney and in 1977 he received the degree of Master of Building Science from the University of Sydney.

Victor Burley is also a Graduate Member of the Institute of Engineers of Australia.

From 1976 to 1977 he was employed by Civil and Civic Pty Limited, a subsidiary company of Lend Lease Corporation Limited initially as a project engineer and later in their research and development department where he assisted in the development of a design process system.

In 1978 he was the joint founder of the research and development group Technology Application Group Pty. Limited.

During 1983, he jointly purchased Allied Industries Pty. Limited, and redirected the operations to that of importing and distributing machinery for the food processing and pharmaceutical industries in Australia and New Zealand. He is currently joint director and owner (via Technica Pty Ltd).

In 1981, he founded Technica Pty. Limited, which since 1987 has concentrated on investment in the mining and exploration sectors of the Australian share market. He is currently a director and owner.

The Board anticipates that the average time to be made available by Victor Burley to the affairs of the Company each month will not exceed 10 hours.

5.2 Robert Franklin Cameron – Director

Robert Cameron has been involved in the securities industry for over 30 years.

He was admitted as a member of the Australian Stock Exchange Limited and as an Affiliate of the Securities Institute of Australia in 1991.

In 2000, Robert Cameron was admitted as an affiliate of the Stock Exchange of Newcastle Limited.

Robert Cameron initially commenced in stockbroking 1970 as a trading floor operator with the firm of John Sweeney & Co.

By 1984, as well as operating on the trading floor of the Sydney Stock Exchange Limited he was also providing advice to a range of private and institutional clients.

In 1985, he was appointed a Director of Frank Renouf Brokers Pty. Limited, where he continued to be responsible for trading floor operations and advising both private and institutional clients of the firm.

From 1988 to 1990, Robert Cameron, was the Head of Dealing for the Sydney Office, of Smith New Court Australia Limited, which was the Australian arm of the international stockbroking firm, Smith New Court PLC.

From 1990 to 1993, Robert Cameron was the Managing Director of Auspac Securities Limited, which was a Member Firm of the Australian Stock Exchange Limited, where he was responsible for all facets of the operation of the firm.

In 1993, he was responsible for the establishment of Cameron Securities, the predecessor firm of the present Cameron Stockbrokers Limited, of which he is the managing director.

Together with the late Wally Hore, Robert was responsible for the establishment of the listed investment company Winpar Holdings Limited.



5. DIRECTORS *continued*

The Board anticipates that the average time to be made available by Robert Cameron to the affairs of the Company each month will not exceed 20 hours.

5.3 Steven Pritchard B Com., CPA, ASIA – Director

Steven Pritchard obtained a Bachelor of Commerce Degree from the University of Newcastle in 1986, and qualified as a Certified Practising Accountant in 1988.

He has been providing investment advice as a representative of a licenced dealer in securities since 1988.

He completed the Graduate Diploma in Applied Finance and Investment and was admitted as an Associate of the Securities Institute of Australia, in 1993.

In 1996 he was admitted as a member of the Stock Exchange of Newcastle Limited (“NSX”), and was instrumental in establishing Pritchard & Partners Pty. Limited, to provide investment advice to clients of Rees Pritchard Pty. Limited.

He was a director of the NSX from 1996 to 2003 and Chairman from 2000 to 2003, during which time he was responsible for developing the strategic plan which saw the renaissance of the NSX as a capital market for small, medium and regionally based companies.

In 2002 he was responsible for establishment of Cameron Capital Limited, which acquired the ASX Participating Organisation Cameron Stockbrokers Limited. Steven Pritchard remains the current Executive Chairman of the Cameron Capital Limited group.

In 2003 he was appointed to the board of the Winpar Holdings Limited, an investment company established in 1986 by Robert Cameron, which was the first company to list on the rejuvenated NSX.

In 2004 he was responsible for the successful capital raising and listing of Illuminator Investment Company Limited, on NSX. Illuminator Investment company Limited became both the first Newcastle based Company to list on the NSX, and the first Newcastle based listed institutional investor.

Steven Pritchard is a past Branch Councillor and Chairman of CPA Australia, and received the Presidents Award in 2000 for outstanding contributions to CPA Australia.

The Board anticipates that the average time to be made available by Steven Pritchard to the affairs of the Company each month will not exceed 20 hours.

5.4 Daniel Di Stefano B Com., CPA – Director

Daniel Di Stefano obtained a Bachelor of Commerce Degree from the University of Newcastle in 1999, and advanced to the status of a Certified Practising Accountant member of CPA Australia in February 2003.

He is currently completing the Graduate Diploma in Applied Finance and Investment with the Securities Institute of Australia.

Daniel Di Stefano has been providing investment advice as a representative of a licensed dealer in securities since 2000, including advice on direct investments including shares and fixed interest securities, managed investment products, general taxation planning and advice, and superannuation including the establishment and maintenance of DIY superannuation funds and allocated pensions.

In September 2003 he was appointed a director of Cameron Capital Limited, which is the holding company of the Australian Stock Exchange Limited Participating Organisation Cameron Stockbrokers Limited.

5. DIRECTORS *continued*

In 2004 he was responsible for the successful capital raising and listing of Illuminator Investment Company Limited, on the NSX. Illuminator Investment Company Limited, became both the first Newcastle based company to list on the NSX, and the first Newcastle based listed institutional investor.

The Board anticipates that the average time to be made available by Daniel Di Stefano to the affairs of the Company each month will not exceed 10 hours.

5.5 Corporate Governance

The Board has the responsibility of ensuring the Company is properly managed so as to protect and enhance Shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and nature of activities.

The main corporate governance policies are summarised below.

Appointment and Retirement of Non-Executive Directors

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case by case basis and on conformity with the requirements of the Listing Rules and the Corporations Act.

Director's Access to Independent Professional Advice

It is the Board's policy that any committees established by the Board should:

- Be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise.

- Be entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they might require.
- Operate in accordance with the terms of reference established by the Board.

Audit Committee

The Audit Committee intends to meet with the external auditors at least twice a year. This committee addresses the financial and compliance oversight responsibilities of the Board. The specific activities include assessing and monitoring:

- The adequacy of the Company's internal controls and procedures to ensure compliance with all applicable legal obligations.
- The adequacy of the financial risk management processes.
- The appointment of the external auditor, any reports prepared by the external auditor and liaising with the external auditor.

5.6 Board Participation in Management

Under the Management Agreements, the Manager has discretion to acquire and dispose of investments on behalf of the Company. Investments consistent with the investment process outlined in section 2 may be undertaken without consultation with the Board.

Any proposed investment that does not fall within this investment strategy or any change in the investment strategy proposed by the Manager requires the prior approval of the Board which may be withheld in its absolute discretion.



5. DIRECTORS *continued*

5.7 Privacy Statement

The Company and the Manager will only collect personal information necessary for the products or services you request. The information they collect from you on the Application Form and which they acquire from you or other people during the course of managing the Company is required to process each Application, manage your investment and comply with relevant laws.

The Company and the Manager may use this information to send you information about other investment products. If at any time you receive information from them about their products and do not wish to receive further correspondence, please let them know. You can also tell them if you do not wish to receive this information from the outset on the Application Form. They may also disclose information about you to third party service providers who assist them in their business operations and service provision.

On request, the Company and/or the Manager will provide you with a copy of any personal information which they hold about you. They will inform you beforehand if there is any charge associated with providing this information to you. If you do not provide them with the personal information which they request, they may not be able to provide a service, or may be required by law to take particular actions such as deducting taxation at the top marginal rate, plus the Medicare Levy.

Further information about the Company's and the Manager's privacy practices can be found by requesting a copy of their respective privacy policies.

If you have any queries please contact the Company Secretary, Daniel Di Stefano on 1800 134 234 or mail@florin.com.au.

6. RISK FACTORS

6.1 General Risk Factors

The following matters, as well as others described elsewhere in this Prospectus, should be carefully considered in evaluating the Company and its prospects:

- (a) No guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments.
- (b) the success and profitability of the Company in part will depend upon the ability of the Directors and the Manager to invest in well-managed companies which have the ability to increase in value over time;
- (c) the future earnings of the Company and the value of the investments of the Company (operating results) may be materially affected by the general economic climate and other factors beyond the control of the Company including, but not limited to, variations in:
 - i. legislation and government policies;
 - ii. the taxation laws of Australia;
 - iii. exchange rates (i.e. currency movements);
 - iv. variations in short and long term interest rates; and
 - v. variations in commodity prices.
- (d) the price of investments that the Company has purchased can fall as well as rise;
- (e) the past performance of funds managed by the persons associated with the Manager are not necessarily a guide to future performance of the Company;
- (f) the selling or purchasing of an unhedged option or warrant runs the risk of losing the entire investment or of causing significant losses to the Company in a relatively short period of time;
- (g) the Company relies on a number of key personnel, in particular Robert Cameron. The loss of any key employees, and in particular Robert Cameron, may have a detrimental effect on the Company;
- (h) the Performance Fee may create an incentive for the Manager to make investments on behalf of the Company that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Company;
- (i) the Portfolio is less diversified than other listed investment companies;
- (j) while borrowing to invest has the potential to increase the returns on investments, it is important for investors to recognise that the borrowing or gearing of an investment portfolio can also multiply the effects of falls in the value of investments, for example, if the Company borrowed a sum equivalent to three times its Shareholders equity, and the value of the investment portfolio as a whole fell by 25%, then Shareholders equity would be reduced to nil.
- (k) the price at which Shares are traded on NSX may be below the net asset backing of those Shares. The constitution of the Company does not entitle Shareholders to require the Board to implement a share buy-back or any other capital reconstruction or to take any other remedial action;
- (l) operational costs for the Company as a proportion of total assets will be affected by the level of total assets of the Company and by the level of acceptance of this Offer. Operational costs will represent a greater proportion of total assets and will reduce the operating results of the Company and accordingly the ability to make dividend payments, if the Company only achieves the minimum subscription under this Offer than if it secures a greater level of acceptance;



6. RISK FACTORS *continued*

- (m) the size of the Portfolio will affect the risk profile of the Portfolio. The Company may not be able to diversify its investments and so manage its risks as efficiently if it only achieves the intended minimum subscription under this Offer than if it secures a greater level of acceptance. However, the risk of loss of investments included in the Portfolio will not necessarily be reduced if the level of acceptance under this Offer exceeds the minimum subscription. Effective risk management depends on a range of factors including diversification of investments and other factors;
- (n) the ability of the Manager to continue to manage the Portfolio in accordance with this Prospectus and the Corporations Act is dependent on the maintenance of the Manager's AFS Licence and its continued solvency. Maintenance of the AFS Licence depends, among other things, on the Manager continuing to comply with the ASIC imposed licence conditions and the Corporations Act;
- (o) the Manager has the ability to transfer the Management Agreement to another Manager as it sees fit which may change the personnel responsible for managing the Portfolio of the Company; and
- (p) investors are strongly advised to regard any investment in the Company as a long term proposition and to be aware that as with any equity investment substantial fluctuations in the value of their investment may occur.

This list is not exhaustive and potential investors should read this Prospectus in full and, if they require further information on material risks, seek professional advice.

6.2 Investor Considerations

Before deciding to subscribe for Shares and Options, Applicants should consider whether Shares and Options are a suitable investment. There are general risks associated with any investment in the stock market. The value of the Shares and options can go down or up due to circumstances affecting the stock market generally or a company in particular and are due to on a range of factors beyond the control of the Company. Similarly, the level of dividends paid in respect of the Shares can go down as well as up. Shares should generally not be considered a short term investment.

There may be tax implications arising from the Application for Shares and Options, the receipt of dividends (both franked and unfranked) from the Company, participation in the dividend re-investment plan of the Company, participation in any on market share buy-back and on the disposal of Shares or Options. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

If you are in doubt as to whether you should subscribe for Shares and Options, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

6. RISK FACTORS *continued*

6.3 Breach of Listed Investment Company Requirements

In order for the Company to be a LIC for tax purposes, the Company must meet the requirements in Section 4.5 of this Prospectus. In the event that any of these requirements are breached, the Company will cease to be a LIC for the purposes of the Income Tax Assessment Act 1997 (Cth), unless it was a breach of the 90% permitted investment requirement that occurred as a result of circumstances over which the Company had no control.

In the event that the Company ceases meet the criteria as a LIC for tax purposes, the concessional tax treatment should still be available to the Company's eligible investors in respect of LIC capital gains made prior to the breach of the LIC requirements that are passed out by way of dividend subsequent to the breach. Any capital gains made while the Company does not satisfy the LIC requirements would not be eligible for the concessional tax treatment to Shareholders.

If the Company had ceased to meet the criteria as an LIC, it may however qualify as a LIC again for tax purposes if it can satisfy the requirements set out in Section 4.5 of the Prospectus, for example, it sold sufficient investments so that it satisfied the 90% permitted investment requirement. However, if the Company derives a capital gain on an asset that it acquired prior to requalifying as a LIC, a LIC capital gain will not arise and the LIC capital gains tax concession will not be available to the Company's eligible investors in respect of these capital gains.

6.4 Holding Shares as Trading Stock

The proposed investment profile of the Company is not that of a share trader, but rather to hold shares for dividends and medium to long term capital growth.

It is anticipated however that the Company may seek to profit through short term trading of either one or more investments or a proportion of their holdings in one or more investments. In this event, the relevant investment would still qualify as a permitted investment, but any profit on disposal would be treated as ordinary assessable income of the Company and the LIC tax concessions would therefore not be available as the tax concessions apply only to capital gains.

The Company may hold investments for the purpose of short term profit and in this situation there is a risk that the Company could become treated as a share trader for tax purposes. Details of all tax consequences likely to arise in this instance are not outlined in this Prospectus, and Applicants should obtain their own tax advice. Applicants should be aware however noted that gains on the sale of all investments could be classified as revenue gains, with no LIC tax concessions available to Shareholders.

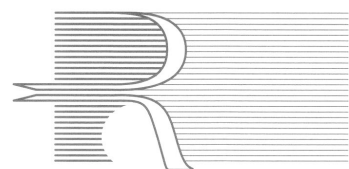


7. TAXATION REPORT

1 November, 2004

The Directors
Florin Mining Investment Company Limited
Level 5
10 Spring Street
SYDNEY NSW 2000

Dear Sirs,



REES PRITCHARD

Certified Practising Accountants

Rees Pritchard Pty Limited
ABN 25 003 875 349

Director:
Steven S. Pritchard B Com, CPA, ASIA

Associates:
Margaret J. Glenn B Fin Admin CPA, ASIA
Daniel Di Stefano B Com, CPA

TAXATION REPORT

We have been requested to provide a report on the income tax issues affecting Florin Mining Investment Company Limited (the "Company") and its shareholders, for inclusion in a Prospectus to be dated on or about 1 November, 2004. This report should be read in conjunction with the Prospectus issued.

Our advice is based on the relevant taxation laws as presently incorporated in *the Income Tax Assessment Act 1936, Income Tax Assessment Act 1997 and Income Tax Rates Act 1986* (all of which are referred to collectively herein as "the Act").

Our advice is provided on the basis that the Company will be a listed investment company ("LIC") in accordance with Subdivision 115-D of the Act at the time the shares are issued under the Prospectus and that the Company will adhere to the requirements detailed in the Act in order to continue as a LIC.

This report is intended to only provide a general overview of the income tax consequences to investors. It is not intended to be a detailed analysis of all such issues. Individual investors should consult their own taxation advisor about their specific taxation circumstances.

Shareholders in a public company are generally taxed on the dividends received and are subject to the Income Tax upon the disposal of their shares in the company.

Dividends

Dividends received by an Australian resident shareholder (either directly or indirectly through a partnership of trust) is included in the taxable income of the shareholder.

To the extent that dividends are franked, then the imputation credits attached to the franked dividend are also included in the taxable income of the shareholder. Shareholders are then entitled to a tax credit equivalent to the imputation credit received.

Dividends received by a non-resident shareholder will be subject to 15% withholding tax, to the extent the dividend received are unfranked. No withholding tax is paid on franked dividends.

Where shareholders receive franked dividends from the Company, the shares in the Company need to be held 'at risk' (as defined) for a period of 45 days before being entitled to franking benefits.



Liability is limited by the
Accountants Scheme
approved under the
Professional Standards
Act 1994 (NSW).

7. TAXATION REPORT *continued*

Listed Investment Company Capital Gains

Under s115-D of the Tax Act a LIC may make an “LIC Capital Gain” where it sells a post-1985 asset after 1st July 2001, where that asset has been held for more than 12 months. We have assumed that the company will meet the definition of a LIC.

In accordance with current tax law, this gain will be taxable to the LIC at 30%.

Assuming the LIC transfers the LIC Capital Gain profit (after tax) to a Discount Capital Gains Reserve, a dividend paid from this reserve would attract concessional tax treatment in the hands of the shareholder.

The dividend paid would be frankable and subject to the regular franking rules. Certain shareholders are entitled to a tax deduction in respect to the “attributable part” of the dividend.

The tax deduction amounts to 50% (for individual shareholders) or 33 1/3% (for superannuation fund shareholders) of the attributable part of the dividend.

The “attributable part of the dividend” is calculated by a formula but is equal to the dividend amount plus the tax paid at the company level. In practice this is equal to the grossed up value of the dividend (100/70 x dividend amount).

In this way the effect on a dividend received would be calculated as follows:

Dividend received by an individual	
Dividend Paid	70.00
Add: Imputation Credits	30.00
Less: Tax Deduction Allowable under Subdivision 115-D (ie 50% of \$100 total taxable dividend)	(50.00)
Net Taxable Income	50.00

Income Tax @ 48.5% (maximum individual rate)	24.25
Less: Imputation Credits	(30.00)
Tax Refund	5.75

Summary	
Dividend Received	70.00
Tax refund	5.75
Value of Dividend After Tax	75.75
Effective tax rate on an LIC capital gain	24.25%

Dividend received by a superannuation fund	
Dividend Paid	70.00
Add: Imputation Credits	30.00
Less: Tax Deduction Allowable	(33.33)
Net Taxable Income	66.67

Income Tax @ 15% (maximum rate)	10.00
Less: Imputation Credit	(30.00)
Tax Refund	20.00

Summary	
Dividend Received	70.00
Tax Refund	20.00
Value of Dividend After Tax	90.00
Effective tax rate on an LIC capital gain	10.00%



7. TAXATION REPORT *continued*

For corporate shareholders, the receipt of a franked dividend paid from a discount capital gains reserve will be treated in the same way as any other dividend. That is, the franking credit will be added to the company's franking account, while the dividend will be 100% rebateable and no further tax will be paid at the company level.

Corporate shareholders can not pass on the discount capital gain to their own shareholders.

Gains from Disposal of Shares

Where shares in the Company are acquired on revenue account by a shareholder, any gain or loss on sale is taxable as ordinary income.

Where shares in the Company are acquired on capital account by a shareholder, any gain or loss on sale is taxed in accordance with the Capital Gains Tax ("CGT") rules. Where shares in the Company are held for more than 12 months, a CGT discount of 50% would be available to individual shareholders (33 1/3% for superannuation funds).

Any CGT loss incurred is quarantined and only able to be offset against capital gains derived.

Gains on Disposal of Options

Any gain on sale of options will either give rise to a capital gain (if held on a capital account) or a profit if held as trading stock.

There will be no cost base of options issued under this Prospectus as they are being issued for no consideration. There would therefore be no Capital Gains Tax loss on the sale of the options issued pursuant to the Prospectus.

Any options acquired after the initial issue will have a cost base equivalent to the acquisition price.

On exercise of the Series A option, a shareholder will be required to pay \$0.25 to the Company in return for the issue of one share. On exercise of the Series B option, a shareholder will be required to pay \$0.40 to the Company in return for the issue of one share. There are no tax consequences to the Company for the issue of the share.

The shareholder who exercises a Series A or Series B option will acquire a share in the Company. The taxation consequences from the disposal of the share are as outlined above.

In the event that an investor holds their shares or options in the Company as a revenue asset such as trading stock, any resulting gain from the sale of the shares or the Series A or Series B options would be subject to tax as ordinary income at their applicable rate of tax. As such, the CGT Discount provisions would not apply.

Yours faithfully,

REES PRITCHARD PTY. LIMITED

MARGARET J GLENN
ASSOCIATE DIRECTOR

8. MATERIAL CONTRACTS

The following contracts have been entered into by the Company prior to the date of this Prospectus and are or may be material.

This report only contains a summary of the material contracts and their substantive terms.

8.1 Management Agreement (“Agreement”)

Parties

The Company and the Manager.

Appointment

The Company has appointed the Manager to manage the Portfolio of the Company and will manage and supervise all investments for the term of the Agreement.

Responsibilities of Manager

The Manager is responsible for:

- (a) discretionary management of the Portfolio in accordance with the terms of the Agreement including the sourcing, acquisition of, or disposal of investments and conducting all relevant investigations and due diligence in relation to each of these activities;
- (b) identifying, investigating and evaluating investment opportunities for the Company and opportunities for the sale or other disposal of any part of the Portfolio;
- (c) making recommendations to the Company for the investment, sale or other disposal of any part of the Portfolio;
- (d) providing such other advisory, management or administrative services in relation to the Company or the Portfolio as may be reasonably requested by the Company from time to time; and
- (e) acting as agent to make offers to arrange for the issue, variation or disposal of financial products on behalf of the Company.

Powers of Manager

The Manager has, subject to any written guidelines issued by the Company from time to time, the full powers of a natural person for carrying out its responsibilities and obligations under this Agreement including but not limited to the delegating of any or all of its rights, powers and duties under this Agreement to another party, whether related or not. The Manager must exercise its powers in accordance with and subject to the provisions of this Agreement, the Corporations Act and the Listing Rules.

Monthly Valuations

The Manager must arrange for a calculation of the fair market value of the Portfolio at least monthly or as otherwise agreed with the Company and provide such calculations to the Company as soon as practicable after such calculations are made. All costs incurred by the Manager in arranging these calculations are to be paid by the Company.

Management Fee

In return for the performance of its duties as Manager of the Company’s Portfolio, the Manager is entitled to be paid the following amounts:

- (a) a monthly management fee, within 7 days of the end of the month equal to 1% of the value of the Portfolio calculated on the last business day of the month, divided by 12;
- (b) for the provision of the services by an employee of the Manager or a related body corporate as managing director or chief executive officer of the Company at a rate of \$3,500 plus applicable goods and services tax per month or such higher rate as the Manager and the Company may agree from time to time payable monthly in arrears. If the Manager proposes an increase in the rate which is rejected by the Company, the Manager may procure the services of an individual to act as a



8. MATERIAL CONTRACTS *continued*

managing director or chief executive officer of the Company who is not an employee of the Manager or a related body corporate and will be entitled to be reimbursed by the Company for all expenses reasonably and properly incurred by the Manager in connection with procuring those services;

- (c) for the provision of the services by an employee of the Manager or a related body corporate as company secretary of the company at a rate of \$1,750 plus applicable goods and services tax per month or such higher rate as the Manager and the Company may agree from time to time payable monthly in arrears. If the Manager proposes an increase in the rate which is rejected by the Company, the Manager may procure the services of an individual to act as the company secretary of the Company who is not an employee of the Manager or a related body corporate and will be entitled to be reimbursed by the Company for all expenses reasonably and properly incurred by the Manager in connection with procuring those services; and
- (d) for the provision of secretarial or accounting services which the Manager provides from its own resources or the resources of a related body corporate, a reasonable arm's length rate.

The Manager does not intend to seek reimbursement of the salary of the managing director or chief executive officer until the earlier of two years from the date of this Prospectus or the net assets of the Company exceed \$5,000,000. Please refer to Section 9.10 for further details regarding director remuneration.

Performance Fee

The Manager will be entitled to be paid and the Company must pay to the Manager a fee ("Performance Fee") in respect of each Performance Calculation Period, subject to clauses (a) and (b) below, of 20% of BA where BA is calculated in accordance with the following formula:

$$BA = (FV - IV) - (IV \times BM)$$

Where: BA is the base amount to be used in calculating the Performance Fee outlined above FV is the Value of the Portfolio calculated on the last Business Day of a Performance Calculation Period

- IV is the Value of the Portfolio calculated on the last Business Day of the preceding Performance Calculation Period; and
 - BM is the rate of return for the UBS Warburg Australian Bank Bill Index for the Calculation Period.
- (a) If the Value of the Portfolio calculated on the last Business Day of a Performance Calculation Period is less than the Value of the Portfolio calculated on the last Business Day of the preceding Performance Calculation Period, no Performance Fee is payable in respect of that Performance Calculation Period.
- (b) If the rate of return for the UBS Warburg Australian Bank Bill Index for the Calculation Period is negative for the Performance Calculation Period, then the base amount (BA) will be calculated as FV- IV.

Where UBS ceases to publish the UBS Warburg Australian Bank Bill Index, then the published index, which most closely resembles it, must be used for the purposes of the calculation.

8. MATERIAL CONTRACTS *continued*

In calculation of the Performance Fee for a Performance Calculation Period, changes in the value of the Portfolio as a result of the issue of Securities by the Company, capital reductions by the Company, share buy-backs by the Company and dividend distributions by the Company will be disregarded or adjusted for that Performance Calculation Period in a manner determined by the Auditor of the Company at the conclusion of the Performance Calculation Period.

The Auditor has the power to determine the correct calculation of the Performance Fee.

The Performance Fee is payable within 28 days of the end of the Performance Calculation Period.

The Manager may, within 14 days of the receipt of the Performance Fee, subscribe for shares in the Company to a value not exceeding the value of the Performance Fee received. Such shares shall be allotted at the weighted average market price of the Shares sold on the NSX on the first three days of the new calculation period. If no trading occurs during that period, the Shares shall be allotted at the price that the Directors deem fair and reasonable in the circumstances.

The Company must indemnify the Manager against any Goods and Services Tax payable in respect of any Management Fee or Performance Fee due to the Manager.

Percentage of Performance Fee payable

The Manager has agreed to pay 20% of the Performance Fee it earns pursuant to the Agreement to Mr Vic Burley, a Director of the Company, for the period of time which he is a director of the Company. This amount payable to Mr Burley is payable out of the amount received by the Manager and is not an additional amount payable by the Company to the Manager under the Agreement.

Expenses

The Company shall be responsible for:

- (a) all costs and expenses in relation to the Portfolio provided for in any budget of income and expenditure of the Company or any part of it;
- (b) irrespective of whether or not they are provided for in any budget under paragraph (a) above, all costs and expenses relating directly or indirectly to the investigating, making, holding, acquisition, variation, renewal or disposal of any Investment forming part of the Portfolio including, without limitation:
 - (i) taxes and duties, interest, brokers fees, registration fees, stamp duties, filing fees and banking fees;
 - (ii) fees and expenses of independent consultants and investment advisers in respect of specific investment evaluations, fees in respect of independent valuations, commissions and all other costs directly related to the acquisition or disposition of any assets in the Portfolio;
 - (iii) Company directors' fees and expenses;
 - (iv) all expenses relating to communication with Shareholders, the preparation of information for or in relation to shareholding in the Company, and investor presentations for brokers and analysts (including but not limited to travelling and accommodation, secretarial services, public relations, marketing, audit expenses, expenses for the preparation and distribution of reports, and the establishment and maintenance of share registries and any other registries or records relating to shareholding whether required to be kept by law or not);



8. MATERIAL CONTRACTS *continued*

- (v) all regulatory fees and expenses incurred in relation to the Company or the Portfolio (including but not limited to all stock exchange fees and all fees relating to the registration or licensing by any authority or body);
- (vi) all expenses relating to the provision of legal, accounting and financial and taxation advice and services in respect of the Company and the Portfolio; and
- (vii) irrespective of whether or not they are provided for in any budget under paragraph (a) above, all costs and expenses incurred in or relating to the preparation and issue of any information memorandum, prospectus, disclosure document or other offer document in respect of, and the underwriting or placement of, any shares or other interests in the Company, including without limitation, experts reports, advisers fees, printing and promotion (including travelling and accommodation expenses).

Term

The Management Agreement commenced on 26 October 2004 and continues until it is terminated in accordance with its terms.

Termination

The Manager may terminate the Management Agreement at any time by giving to the Company at least 90 days written notice.

Either party may immediately terminate the Management Agreement if:

- (a) the other party goes into liquidation; or
- (b) a receiver, or receiver and manager is appointed; or
- (c) either party is in default, or breach of its obligations under the Management Agreement and such default or breach is not rectified within 10 business days after the breach.

Termination Fee

If the Management Agreement is terminated other than by the Manager giving 90 days notice or immediately for cause, then the Manager is entitled to:

- (a) a termination fee equal to 60 times the management fee payable to the Manager for the second last month of the term of the Agreement; and
- (b) reimbursement for all reasonable severance fees and reasonable expenses for closing offices or operations, the Manager incurs as a result of the termination.

Company Indemnity

The Company has agreed to indemnify the Manager against any claims, demands, or liabilities incurred by the Manager, its related bodies corporate or any of their respective officers, employees or agents or other persons engaged or appointed by the Manager under the Management Agreement arising from any disclosure document issued by the Company or in exercising the Manager's powers or performing the Manager's duties under the Management Agreement, including where the Manager is acting as agent to make offers to arrange for the issue, variation or disposal of financial products for the Company or on account of any bona fide investment decision made by the Manager except to the extent that the liability was caused by the wrongful conduct (as defined in the Management Agreement) of the Manager or other person seeking to be indemnified. This obligation continues after Termination.

8. MATERIAL CONTRACTS *continued*

Manager Indemnity

The Manager has agreed to indemnify the Company against any claims, demands or liabilities incurred by the Company arising from or in connection with any wrongful conduct (as defined in the Management Agreement) on the part of the Manager or its officers, employees or its agents except to the extent that the liability was caused by the wrongful conduct on the part of the Company or a subsidiary, or their respective officers, employees or agents or the Company's or subsidiary's breach of the Management Agreement.

Assignment

(a) The Manager may assign all rights, title and interest in the Management Agreement to a third party with the prior written consent of the Company which may not be unreasonably withheld or delayed.

8.2 Deeds of Access and Indemnity

Parties

The Company and each Director.

Access

The Company has agreed to provide access to board papers to current and former officers of the Company while they are officers and for a period of 7 years from when they cease to be officers.

Indemnity

The Company has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. The Company may also agree to maintain in favour of each officer of the Company a directors' and officers' policy of insurance for the period that they are an officer and for a period of 7 years after the officer ceases to be an officer of the Company.



9. ADDITIONAL INFORMATION

9.1 Incorporation

The Company was incorporated on 29 September 2004.

9.2 Balance Date and Company Tax Status

The accounts for the Company will be made up to 30 June annually.

It is expected that the Company will be taxed as a public company.

9.3 Australian Financial Services Licence

The Company does not hold an AFS Licence. Accordingly, the Company will only issue Shares and Options pursuant to this Prospectus under an arrangement with Australian Financial Services licensees pursuant to Section 911A(2)(b) of the Corporations Act.

9.4 Managers Australian Financial Services Licence Authorisations

The Managers' AFS Licence presently authorises it to;

- (a) provide financial product advice; and
- (b) deal in a financial product

in relation to the following classes of financial products;

- 1) deposit and payment products limited to basic deposit products and deposit products other than basic deposit products;
- 2) derivatives;
- 3) debentures, stocks or bonds issued or proposed to be issued by a government;
- 4) life insurance products;
- 5) interests in managed investment schemes including investor directed portfolio service;

- 6) retirement savings accounts ("RSA") products (within the meaning of the Retirement Savings Account Act 1997);
- 7) securities;
- 8) superannuation; and
- 9) financial products limited to miscellaneous financial investment products limited to managed investment warrants:
 - a) to which the definition of derivative in subsection 761D(1) applies that is a financial product of the kind referred to in subparagraph 764A(1)(b)(ii) or 764A(1)(ba)(ii); and
 - b) that is transferable; and
 - c) that is a warrant as defined in the ASX Operating Rules that has been admitted by the ASX to trading status on a financial market of the ASX.

9.5 Rights Attaching to the Shares

Immediately after issue and allotment, the Shares will be fully paid Shares. There will be no liability on the part of Shareholders for any calls and the Shares will rank equally with Shares currently on issue.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's constitution and the Corporations Act. A copy of the constitution can be inspected during office hours at the registered office of the Company.

The detailed provisions relating to the rights attaching to Shares under the constitution and the Corporations Act are summarised next page.

9. ADDITIONAL INFORMATION *continued*

Each Share will confer on its holder:

- (a) The right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (b) The right to receive dividends, according to the amount paid up on the Share;
- (c) The right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to the rights of a liquidator of the Company (with consent of members by special resolution).

Subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

9.6 Rights Attaching to the Series A Options

The terms and conditions of the Series A Options are as follows:

Register

The Company will maintain a register of holders of Series A Options in accordance with Section 168(1) (b) of the Corporations Act.

Transfer/Transmission

Series A Option may be transferred or transmitted in any manner approved by the NSX.

Exercise

Series A Option may be exercised by delivery to the Company of a duly completed Notice of Exercise of

Options (available from the Company), signed by the registered holder of the Series A Option, together with payment to the Company of \$0.25 per, Series A Option ("Exercise Price") being exercised and the relevant option certificate.

A Series A Option may be exercised on any business day from the date of grant to 15 December 2006, (inclusive) but not thereafter.

A Notice of Exercise of Options is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.

Dividend Entitlement

Series A Options do not carry any dividend entitlement until they are exercised. Shares issued on exercise of Series A Options rank equally with other issued Shares of the Company 7 Business Days after their date of issue and are entitled to dividends paid on and from this date.

Participating rights

A Series A Option holder may only participate in new issues of Securities to holders of Shares in the Company if the Series A Option has been exercised and Shares allotted in respect of the Series A Option before the record date for determining entitlements to the issue. The Company must give at least 7 Business Days notice to Series A Option holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of the NSX.

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



9. ADDITIONAL INFORMATION *continued*

Reconstructions and Alteration of Capital

Any adjustment to the number of outstanding Series A Options and the Exercise Price under a re-organisation of the Company's share capital must be made in accordance with the Listing Rules.

NSX Listing

The Company must make application for quotation of Shares issued on exercise of the Series A Options on the NSX in accordance with the Listing Rules. Shares so issued will rank equally with other issued Shares of the Company.

9.7 Rights Attaching to the Series B Options

The terms and conditions of the Series B Options are as follows:

Register

The Company will maintain a register of holders of Series B Options in accordance with Section 168(1) (b) of the Corporations Act.

Transfer/Transmission

A Series B Option may be transferred or transmitted in any manner approved by the NSX.

Exercise

A Series B Option may be exercised by delivery to the Company of a duly completed Notice of Exercise of Options (available from the Company), signed by the registered holder of the Option, together with payment to the Company of \$0.40 per Series B Option ("Exercise Price") being exercised and the relevant option certificate.

A Series B Option may be exercised on any business day from the date of grant to 15 December 2008, (inclusive) but not thereafter.

A Notice of Exercise of Options is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.

Dividend Entitlement

Series B Options do not carry any dividend entitlement until they are exercised. Shares issued on exercise of Series B Options rank equally with other issued Shares of the Company 7 Business Days after their date of issue and are entitled to dividends paid on and from this date.

Participating rights

A Series B Option holder may only participate in new issues of Securities to holders of Shares in the Company if the Series B Option has been exercised and Shares allotted in respect of the Series B Option before the record date for determining entitlements to the issue. The Company must give at least 7 Business Days notice to Series B Option holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of the NSX.

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

Reconstructions and Alteration of Capital

Any adjustment to the number of outstanding Options and the Exercise Price under a re-organisation of the Company's share capital must be made in accordance with the Listing Rules.

NSX Listing

The Company must make application for quotation of Shares issued on exercise of the Series B Options on the NSX in accordance with the Listing Rules. Shares so issued will rank equally with other issued Shares of the Company.

9. ADDITIONAL INFORMATION *continued*

9.8 Dividend Re-Investment Plan

Eligible Members

Shareholders who may participate in the dividend reinvestment plan ("Plan") comprise Shareholders:

- (a) whose address, as it appears in the register of members of the Company, is situated in Australia; or
- (b) whose address, as it appears in the register of members of the Company, is situated outside Australia and who have produced to the Company such evidence as the Company may require to satisfy the Company that any necessary approvals of any government or governmental authority in relation to participation in the Plan have been obtained and that such participation is not contrary to any applicable laws of Australia or any other relevant jurisdiction.

Application

Eligible Members may elect to participate in the Plan in respect of all or part of their Shares in the Company which will comprise that member's Plan Shares. The Directors may in their absolute discretion accept or refuse any Application to participate.

Subscription Price

Shares allotted to participants in the Plan will be allotted at the weighted average market price of Shares sold on the NSX on the books closing date for the relevant dividend and the 3 trading days preceding that date. If no trading occurs during the 3 days preceding the books close date, the shares will be allotted at the price the directors deem to be fair and reasonable in the circumstances.

Investment of Dividends

In respect of each cash dividend from time to time due and payable to a participant in the Plan in respect of the member's Plan Shares, the Directors will on behalf of and in the name of the participant subscribe for

Shares being the maximum number of Shares which could be acquired by subscription by the application of that participant's entitlement to dividends in respect of the Plan Shares to the subscription for Shares at the Subscription Price.

Ranking of Shares

All Shares allotted and issued under the Plan will rank equally in all respects with existing Shares.

NSX Listing

The Company will make application promptly after each allotment of Shares for quotation of such Shares on the official list of the NSX.

Variation or Termination of Participation

A participant may apply to increase or decrease the number of Plan Shares which the Company may in its absolute discretion approve or refuse. A participant may at any time terminate participation in the Plan by notice in writing to the Company.

9.9 Matters Relevant to the Directors

The number of Shares held by or on behalf of each Director and their Associates, at the date of the Prospectus are as follows:

Director	Ordinary Shares
Steven Shane Pritchard	1
Daniel Di Stefano	1

No Director or an Associate of a Director holds any interest in any Option or other Security in the Company.

Apart from those listed above, none of the Directors have an interest in the Securities of the Company.

Under the Company's constitution, each Director (other than a Managing Director or an Executive Director) may be paid remuneration for ordinary services performed as an employee.



9. ADDITIONAL INFORMATION *continued*

Under the Company's constitution the maximum fees payable to directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate.

9.10 Remuneration of Directors

The Directors will be entitled to receive the following benefits:

- (a) the maximum total remuneration of the Directors of the Company has been set at A\$80,000 per annum to be divided amongst them in such proportions as they agree;
- (b) the executive Directors have agreed to waive any fee to which they would otherwise be entitled in their capacity as a director until the earlier of a period of two years from the date of this prospectus or until such time as the net assets of the Company exceed \$2,500,000.

9.11 Related Party Transactions

As at the date of this Prospectus, the Company is a party to the following transactions with related parties:

- (a) Robert Cameron and Steven Pritchard are directors of Cameron Stockbrokers Limited. Entities associated with Robert Cameron, Steven Pritchard and Daniel Di Stefano are substantial indirect shareholders of Cameron Stockbrokers Limited. Cameron Stockbrokers Limited;
 - i) will receive a Management Fee and Performance Fee for managing the Portfolio. Details of the Management Agreement and all fees payable to the Manager are set out in Section 8.1;
 - ii) brokerage upon any Application received by the Company and bearing its stamp; and
 - iii) any investment transactions undertaken by the Company through it.

All such transactions will be on the basis of arms length commercial terms and conditions.

- (b) Steven Pritchard is a director and has an indirect beneficial interest in 100% of the issued capital of Pritchard & Partners Pty. Limited, which may receive brokerage upon any:
 - i) Application received by the Company and bearing its stamp; and
 - ii) investment transactions undertaken by the Company through Pritchard & Partners Pty. Limited.

All such transactions will be on the basis of arms length commercial terms and conditions.

- (c) Steven Pritchard is a director of and owns a 100% of the issued capital of Rees Pritchard Pty. Limited. Rees Pritchard Pty. Limited provides accounting and taxation services to the Company upon arms length commercial terms and conditions.
- (d) Steven Pritchard is a director of and has an indirect beneficial interest in 25% of the issued capital of Newcastle Capital Markets Registries Pty. Limited, which provides share registry services to the Company on arms length commercial terms and conditions.
- (e) Cameron Stockbrokers Limited has paid the costs of incorporation of the Company and of the preparation of the Prospectus on behalf of the Company and will be reimbursed by the Company out of the proceeds of the Offer.
- (f) Steven Pritchard is a shareholder of NSX Limited, which holds shares in the Stock Exchange of Newcastle Limited.
- (g) Each Director has entered into a Deed of Access and Indemnity with the Company. See Section 8.2 for details.

9. ADDITIONAL INFORMATION *continued*

(h) Vic Burley is a director of the Company and has an agreement with the Manager whereby he will receive a percentage of the Performance Fee payable by the Company to the Manager. See Section 8.1.

Except as set out in this Prospectus (including in Sections 9.9 and 9.10), there are no interests that exist at the date of this Prospectus and there were no interests that existed within 2 years before the date of this Prospectus that are or were, interests of a Director or a proposed Director in the promotion of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion. Further, except as set out in this Prospectus, there have been no amounts paid or agreed to be paid to a Director in cash or Securities or otherwise by any persons either to induce him to become or qualify him as a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company.

9.12 Legal Proceedings

The Company is not and has not been, during the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings which have had a significant effect on the financial position on the Company. As far as the Directors are aware, no such proceedings are threatened against the Company.

9.13 Consents and Responsibility Statements

Baker & McKenzie has given and, before lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to be named as solicitors to the Offer in the form and context in which it is so named.

Baker & McKenzie has only been involved in the preparation of that part of the Prospectus where they are named as solicitors to the Offer. Baker & McKenzie specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in this Prospectus. While Baker & McKenzie has provided advice to the Directors in relation to the issue of the Prospectus and the conduct of due diligence enquiries by the Company and the Directors, Baker & McKenzie has not authorised or caused the issue of the Prospectus and takes no responsibility for its contents.

Cameron Stockbrokers Limited has given and, before lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to being named in the Prospectus as Sponsoring Broker, Nominated Adviser, Manager and Licensed Dealer to the Offer in the form and context in which it so named.

Cameron Stockbrokers Limited has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus. Cameron Stockbrokers Limited has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Forsythes has given, and before lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to being named in the Prospectus as auditor of the Company in the form and context in which it so named.

Forsythes has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the



9. ADDITIONAL INFORMATION *continued*

Prospectus. Forsythes has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Newcastle Capital Markets Registries Pty. Limited has given and, before lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to being named in the prospectus as share registrar for the Company in the form and context in which it so named.

Newcastle Capital Markets Registries Pty. Limited has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus. Newcastle Capital Markets Registries Pty. Limited has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Pritchard & Partners Pty. Limited has given, and before lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to being named in the Prospectus as Broker to the Offer of the Company in the form and context in which it so named.

Pritchard & Partners Pty. Limited has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus. Camerons has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Rees Pritchard Pty. Limited has given, and before lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to being named in the Prospectus as accountants and taxation advisers for the Company in the form and context in which it so named.

Except in respect of the Taxation Report (referred to in Section 9.14 below), Rees Pritchard Pty. Limited has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus. Rees Pritchard Pty. Limited has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

9.14 Interest of Experts

Other than as set out below, no expert nor any firm in which such expert is a partner or employee has any interest in the promotion of or any property proposed to be acquired by the Company.

Baker & McKenzie has acted as solicitors to the Offer and have performed work in relation to negotiating certain of the material contracts, preparing the due diligence program and performing due diligence enquiries on legal matters. In respect of this Prospectus, the Company estimates that it will pay amounts totalling approximately \$10,000 (excluding disbursements) to Baker & McKenzie.

Rees Pritchard Pty. Limited has also prepared the Taxation Report included in this Prospectus. In respect of this work, the Company estimates it will pay up to \$10,000 (excluding disbursements) to Rees Pritchard Pty. Limited.

Brokers to the issue will receive a 2% handling fee in respect of Applications. Refer section 4.4 for further details.

Certain partners and employees of the above firms may subscribe for Shares and Options in the context of the Offer.

10. GLOSSARY

Terms and abbreviations used in this Prospectus have the following meaning:

AFS Licence	means an Australian Financial Services Licence granted under chapter 7 of the Corporations Act;
Applicant	a person who submits an Application;
Application	an application for Shares and Options pursuant to this Prospectus;
Application Form	an application form in the form attached to this Prospectus;
Application Monies	the Application Price multiplied by the number of Shares applied for;
Application Price	\$0.20 for each Share applied for;
Associate	has the meaning given by Division 2 of the Corporations Act;
ASIC	Australian Securities & Investments Commission;
ASX	Australian Stock Exchange Limited;
Auditor	Forsythes;
Business Day	a day, other than a Saturday or Sunday, on which banks are open for general banking business in New South Wales;
BSX	Bendigo Stock Exchange Limited;
Closing Date	the date by which valid acceptances must be received by the Share Registrar being 17 December 2004 or such other date as may be notified by the Company;
Company	Florin Mining Investment Company Limited ACN 111 170 882;
Directors or Board	the board of directors of the Company;
Group	the Company and its subsidiaries;
Issue	the issue of Shares and Options in accordance with this Prospectus;
LIC	means a listed investment company for the purposes of the Income Tax Assessment Act 1997 (Cth);
Listing Rules	the listing rules of the NSX;
Management Agreement	the Management Agreement between the Company and the Manager dated 26 October 2004;
Management Fee	means any fee or fees calculated as set out in Section 8.1;
Manager	Cameron Stockbrokers Limited ACN 090 472 012 (Australian Financial Services Licence Number 246705)
NSX	Stock Exchange of Newcastle Limited;
Options	means both Series A Options and Series B Options;
Offer	The offer of up to 50,000,000 Shares and up to 100,000,000 Options pursuant to and in accordance with this Prospectus;



10. GLOSSARY *continued*

Opening Date	the date of issue of this Prospectus, expected to be 11 November 2004;
Performance Calculation Period	means <ul style="list-style-type: none"> (i) for the first performance calculation period, the period from the date of the Management Agreement to 30 June 2005; (ii) for the second and subsequent performance calculation periods, the period from the first day after the preceding Performance Calculation Period to 30 June of the succeeding year; and (iii) if the Management Agreement is terminated on a day other than 30th June, the Performance Calculation Period will be calculated from the day after the preceding Performance Calculation Period up until the termination day.
Performance Fee	the fee the Manager is entitled to, as described in Section 8;
Plan or Dividend Re-Investment Plan	means the dividend re-investment plan described in Section 9.8;
Portfolio	any investments held by the Company and managed by the Manager;
Prospectus	this Prospectus dated 4 November as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time;
Securities	has the same meaning as in section 92 of the Corporations Act;
SCH	means the Securities Clearing House;
Series A Option	An option to acquire a Share at an exercise price of \$0.25 per Share by 1 December 2006 on the terms set out in Section 9.6;
Series B Option	An option to acquire a Share at an exercise price of \$0.40 per Share by 15 December 2008 on the terms set out in Section 9.7;
Share	a fully paid ordinary share in the capital of the Company;
Shareholder	means a person who holds a Share or Shares in the Company;
Share Registrar	Newcastle Capital Markets Registries Pty. Limited ACN 092 673 348 of 10 Murray Street, Hamilton NSW 2303; and
Tax Opinion	means the tax opinion in section 7 of the Prospectus prepared by Rees Pritchard Pty Limited.

This Prospectus has been approved by unanimous resolution of the Directors of Florin Mining Investment Company Limited.

Dated: 4 November 2004

Victor Burley
Chairman

NOTES

APPLICATION FORM



FLORIN MINING INVESTMENT COMPANY LIMITED ACN (111 170 882) Initial Public Offer

Initial Public Offer

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