

# Haddington Resources Limited

ACN 093 391 774

## PROSPECTUS Renounceable Rights Issue

Prospectus for a renounceable rights issue of 2 New Shares and 2 New Options for every 5 Shares at an issue price of \$0.23 per New Share to raise approximately \$5,000,000 before expenses.

**The last date for applications and payment to be received is Wednesday 18 July 2007.**

This is an important document and requires your immediate attention. It should be read in its entirety. If you are in doubt about what to do, you should consult your professional adviser without delay.

**Underwriter: Patersons Securities Limited**  
ABN 69 008 896 311

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## **IMPORTANT NOTICE**

This Prospectus is dated 21 June 2007 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be issued on the basis of this Prospectus more than 13 months after the date of this Prospectus.

The Prospectus sets out information in relation to the offer of New Shares and New Options in Haddington Resources Limited (**Offer**).

Haddington Resources Limited (**Haddington**) will apply for admission of the New Shares and New Options to quotation on ASX within 7 days after the date of this Prospectus. The fact that ASX may grant official quotation of the New Shares and New Options is not to be taken in any way as an indication of the merits of Haddington or the Offer.

### **This is an important document.**

It is important that you carefully read this Prospectus in its entirety before deciding to invest in Haddington and, in particular, that you consider the risk factors that could affect the financial performance of Haddington and the value of Shares. In addition to the general risks applicable to all investments in listed companies, there are specific risks associated with an investment in Haddington. These risks are discussed in section 8 of this Prospectus. You should carefully consider these risks in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

### **Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Haddington in connection with the Offer. Neither Haddington nor any other person warrants the future performance of Haddington or any return on any investment made under this Prospectus, except as required by law and then only to the extent so required.

### **Ineligible Shareholders**

This Prospectus contains an Offer only to persons (including individuals and corporate entities) with registered addresses in Australia or New Zealand.

This Offer is not extended to, and no new securities are offered or will be issued to, any person with a registered address outside of Australia and New Zealand unless that person has been expressly invited in writing by Haddington to participate in the Offer. Haddington considers it unreasonable to extend the Offer to most Shareholders with registered addresses in jurisdictions outside Australia and New Zealand having regard to the small number and value of the New Shares and New Options that would be offered in those jurisdictions and the cost of complying with the legal and regulatory requirements in those jurisdictions.

### **Foreign jurisdictions and restrictions on the distribution of this Prospectus**

This Prospectus has been prepared to comply with the requirements of the securities laws of Australia.

This Prospectus and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares and New Options in any place outside Australia and New Zealand. The distribution of this Prospectus and the accompanying Entitlement and Acceptance Form outside of Australia and New Zealand may be restricted by law and any

person who comes into possession of this Prospectus and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. Without limitation, neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be sent or passed to persons outside Australia and New Zealand or otherwise distributed outside Australia and New Zealand.

In particular, the Offer has not been, and will not be, registered under the US *Securities Act* or the securities laws of any state of the United States and is not being made in the United States or to any person resident in the United States. Without limitation, neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be sent to investors in the United States or otherwise distributed in the United States.

The New Shares being offered under this Prospectus are offered in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand)*. This Prospectus is not an investment statement or prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This Prospectus complies with Australian disclosure requirements. These disclosure requirements may be different from those applicable in other jurisdictions. The financial information included in this Prospectus was prepared with a view towards compliance with Australian practice and not that of any other jurisdiction.

#### **Electronic Prospectus**

This Prospectus (without an Entitlement and Acceptance Form) may be viewed for information purposes online at [www.haddington.com.au](http://www.haddington.com.au). The Offer is only available to Shareholders who receive a personalised Entitlement and Acceptance Form.

#### **Defined terms and abbreviations**

Terms and abbreviations used in this Prospectus are defined in section 10 of this Prospectus.

#### **Application for New Shares and New Options**

If you wish to apply for New Shares and New Options, you must complete and return the personalised Entitlement and Acceptance Form which accompanies this Prospectus by the Closing Date. If you have not received a personalised Entitlement and Acceptance Form, please contact Security Transfer Registrars on +61 (0)8 9315 2333.

## SUMMARY OF THE OFFER

### The Offer

Haddington is offering a total of approximately 22,288,271 New Shares and 22,288,271 New Options at \$0.23 per New Share to raise approximately \$5,000,000 (before expenses) under this Prospectus on the basis of 2 New Shares and 2 New Options for every 5 Shares held on the Record Date (Monday 2 July 2007) (**Offer**). The New Options, which are being issued for no additional consideration, have an exercise price of \$0.35 and expire on 31 May 2010.

The number of New Shares and New Options that you are entitled to (that is, the number of Rights you have) is shown on the Entitlement and Acceptance Form.

Rights are renounceable, which means that Eligible Shareholders who do not wish to take up all or part of their Entitlement may choose to sell or transfer their Rights (refer to Section 2.12).

The Offer is fully underwritten by Patersons Securities Limited (**Underwriter**).

## INVESTMENT HIGHLIGHTS AND RISKS

### Investment Highlights

- Prospective portfolio of exploration assets.
- New uranium targets identified at Shoobridge and Mt Finniss.
- Advanced garnet project near Kalbarri, Western Australia.
- Conditional agreement to acquire Minvest, a services and minerals group to provide:
  - established cash flow;
  - a coal project in Kalimantan, Indonesia; and
  - a portfolio of mineral projects prospective for a range of commodities.
- Strong Board with a successful production track record.
- Potential for growth through exploration, development and production.

## Investment Risks

Section 8 outlines the principal risks involved in investing in Haddington. The directors consider that the key risks include the following:

- Failure to complete the Minvest Acquisition.
- Country risks associated with operating outside of Australia.
- Current regulation of uranium mining.
- Exploration and evaluation risks.
- Land access risks.
- Operation and development risks.
- Environmental risks.

## KEY OFFER DETAILS

<b>Key financial data relating to the Offer</b>	
<b>New Share issue price</b>	\$0.23
<b>Number of New Shares to be issued</b>	22,288,271
<b>Number of New Options to be issued</b>	22,288,271
<b>Amount to be raised under the Offer</b>	\$5,000,000 approximately
<b>Underwriting</b>	\$5,000,000 approximately
<b>Number of Shares on issue following the Offer</b>	78,008,879

## Key Dates

<b>Announcement of Rights Issue</b>	7 June 2007
<b>Lodgement of Prospectus with ASIC</b>	21 June 2007
<b>Ex Date:</b> The date on which Haddington Shares commence trading without the entitlement to participate in the Offer	26 June 2007
<b>Rights Trading opens:</b> The day when Eligible Shareholders are entitled to trade their Rights	26 June 2007
<b>Record Date:</b> The date for determining entitlements of Shareholders to participate in the Offer (at 5.00pm AWST)	2 July 2007
<b>Prospectus sent to Shareholders:</b> Anticipated despatch of Prospectus and Entitlement and Acceptance Forms	4 July 2007
<b>Rights Trading ceases</b>	11 July 2007
<b>Closing Date:</b> The last day for receipt of completed Entitlement and Acceptance Forms and Application Monies (at 5.00pm AWST)	18 July 2007
<b>Despatch Date:</b> Anticipated despatch of holding statements for New Shares and New Options	23 July 2007
<b>First Trading Date:</b> Trading of New Shares and New Options commences	24 July 2007

These dates are subject to change and are indicative only. Haddington in conjunction with the Underwriter reserve the right to amend this indicative timetable without notice.

## **Managing Director's letter**

Dear Shareholder

On behalf of the Board I am pleased to offer you the opportunity to participate in a renounceable rights issue to raise approximately \$5,000,000 (before expenses) as set out in this Prospectus. The Rights Issue is fully underwritten by Patersons Securities Limited.

Following the closure of the Company's Bald Hill tantalite mine and the downturn in prices for tantalite, for some time the Company has been pursuing an active growth strategy based on exploration of its mineral properties and examination of new acquisition opportunities.

Haddington recently announced new uranium targets at Shoobridge which are currently being reviewed by a team of geologists and will be followed up with an aggressive exploration programme.

The Company is in the process of carrying out a pre-feasibility study on its 100% owned Balline industrial garnet deposit near Kalbarri in Western Australia which is adjacent to one of the world's largest mining and processing facilities for industrial garnet. Historic exploration indicated significant quantities and grades of heavy mineral and recent drilling by the Company has verified the previous work.

Haddington recently announced that it had entered into a conditional agreement to acquire a services and minerals group, Minvest International Corporation. Subject to completion of the Minvest Acquisition, Haddington will become a vertically integrated resources company with a cash flow and a large portfolio of prospective mining tenements. Minvest's services business includes drilling, geophysics, project assessment and management and has generated un-audited revenue of \$11.6 million for the 2006 calendar year. Minvest's mineral portfolio includes tenements prospective for uranium, gold and lignite in Madagascar and Indonesia.

Minvest also has an option to acquire the advanced Muara Uya Coal Project in Indonesia where, subject to completion of the Minvest Acquisition, the Company intends to immediately move to resource definition drilling ahead of a pre-feasibility study for a possible mine development.

The Minvest Acquisition is subject to various conditions including shareholder approval. The Minvest Vendors will not be entitled to participate in this Rights Issue.

The funds raised under this Rights Issue will enable the Company to aggressively explore its expanded portfolio of mineral properties and grow its new services business. Haddington will also be able to pursue a more aggressive exploration program on its uranium assets and fast-track the development of its garnet and coal projects.

I commend this Rights Issue to you and look forward to your continued support as a Shareholder.

Colin McCavana  
Managing Director

## 1. Answers to key questions

Question	Answer
What is the Offer?	The Offer to Eligible Shareholders is to subscribe for 2 New Shares and 2 New Options for every 5 Shares held on the Record Date, at a price of \$0.23 per New Share.
Who can participate in the Offer?	Only Eligible Shareholders can participate in the Offer. Eligible Shareholders are persons with registered addresses in Australia and New Zealand and who are registered holders of Shares on the Record Date.
How much do I have to pay to participate in the Offer?	The Issue Price for each New Share is \$0.23. The New Options are being issued for no additional consideration. You may subscribe for all, or part of, your Entitlement.
What are the terms of the New Shares?	The New Shares issued under the Offer will rank equally with existing Shares. The Rights and liabilities attaching to Shares (and New Shares) are detailed in section 9.3.
What are the terms of the New Options?	The New Options will have an exercise price of \$0.35 and will expire on 31 May 2010. The rights and liabilities attaching to the New Options are detailed in section 9.4 and the rights and liabilities attaching to Shares (being the underlying securities) are detailed in section 9.3.
Is the Offer underwritten?	Yes, the Offer is fully underwritten by Patersons Securities Limited. The terms of the Underwriting Agreement are described in section 9.4.
What is the purpose of the Offer?	The Offer, which is further described in section 1, is being conducted to raise approximately \$5,000,000 (before expenses). These proceeds are intended to be used to carry out the activities described in section 2.2.

What are my choices?	<p>You may:</p> <ul style="list-style-type: none"> <li>• take up all or part of your Entitlement;</li> <li>• apply for any Additional New Shares and New Options in excess of your Entitlement (as described in Section 2.4);</li> <li>• sell or transfer some or all of your Rights, either on the ASX or other than on the ASX; or</li> <li>• do nothing and allow all of your Entitlement to lapse and be taken up by the Underwriter.</li> </ul> <p>See sections 2.12 and 3 for further details.</p>
How do I exercise my Rights?	<p>If you are an Eligible Shareholder, and you wish to subscribe for all or some of the New Shares and New Options making up your Entitlement, you must complete the Entitlement and Acceptance Form accompanying this Prospectus, and forward it, with your Application Monies, to the Registry by the Closing Date.</p> <p>Further details are found in section 3. If you have not received an Entitlement and Acceptance Form, please contact the Registry on +618 9315 2333.</p>
Can I sell or transfer my Rights?	<p>Yes, you can sell or transfer some or all of your Rights on ASX. If you wish to do this, you should contact your stockbroker.</p> <p>You may also sell or transfer some or all of your Rights to another person other than on ASX. To do this, you must complete a Renunciation and Transfer Form, which can be obtained from the Registry, and the Entitlement and Acceptance Form.</p> <p>For further details of your right to sell or transfer some or all of your Rights, see sections 2.12 and 3.</p>
Is there a cooling off period?	<p>No, there is no cooling off period. As such, in most circumstances, you cannot withdraw an application for New Shares and New Options once the Entitlement and Acceptance Form and Application Monies have been received by the Registry.</p>

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How can I obtain further information?

Haddington encourages you to seek advice from your financial or other professional advisers.

Enquiries concerning the Entitlement and Acceptance Form or Renunciation and Transfer Form should be directed to the Registry on +61 8 9315 2333.

Enquiries concerning this Prospectus should be directed to the Haddington Company Secretary, Mr Stephen Brown, on +61 8 9488 5100.

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## **2. Details of the Offer**

### **2.1 The Rights Issue**

This Prospectus invites Eligible Shareholders to participate in a pro-rata renounceable rights issue of up to approximately 22,288,271 New Shares and 22,288,271 New Options on the basis of 2 New Shares and 2 New Options for every 5 Shares held on the Record Date at an issue price of \$0.23 per Share.

The Rights Issue will raise approximately \$5,000,000 (less expenses of the Rights Issue, which are estimated to be \$350,000).

As at the date of this Prospectus, 55,720,678 Shares are on issue and 5,200,000 unlisted Options have been granted. Existing holders of Options to acquire Shares will not be entitled to participate in the Rights Issue. However, they may exercise their Options prior to the Record Date if they wish to participate in the Rights Issue.

### **2.2 Use of the proceeds of the Offer**

The purpose of the Rights Issue is to raise funds:

- to be used in conjunction with existing funds to accelerate exploration of uranium targets at Shoobridge and Finnis Range;
- to move ahead with the pre-feasibility study including further drilling, metallurgical testing and marketing studies on the Balline garnet deposit to establish its viability ahead of a development decision;
- to support the Company's bids from time to time to acquire an advanced mineral project and if successful assist in the funding of the acquisition cost;
- for working capital to fund other ongoing operational and exploration activities; and
- to meet the costs of the Rights Issue.

In addition to the above, subject to completion of the Minvest Acquisition, it is anticipated that funds raised by this Rights Issue will also be used:

- to accelerate assessment and exploration of the properties in the Minvest portfolio, in particular the Muara Uya Coal Project in Indonesia; and

- to grow the Minvest services business through modernisation and the acquisition of additional equipment to enable new contracts to be won.

The use of the proceeds of the Offer is set out in more detail in section 5, including details of how the Company proposes to use the proceeds of the Offer allocated to Minvest's business if the Minvest Acquisition does not complete.

### **2.3 Your entitlement**

The number of New Shares and New Options to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. Fractional entitlements to New Shares and New Options will be rounded up to the nearest whole number.

The Record Date for the purpose of the Offer is Monday 2 July 2007. Eligible Shareholders who, on the Record Date, are registered as the holders of Shares, will be entitled to participate in the Offer.

### **2.4 Applying for Additional New Shares and New Options**

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares and New Options.

Entitlements not taken up may become available as Additional New Shares and New Options. The Underwriter reserves the right to scale back any applications for Additional New Shares and New Options in its absolute discretion. The allocation of Additional New Shares and New Options will likely be limited to 100,000 New Shares and 100,000 New Options per applicant. Excess Application Monies will be refunded without interest.

It is an express term of the Offer that applicants for Additional New Shares and New Options will be bound to accept a lesser number of Additional New Shares and New Options allocated to them than applied for, if a lesser number is allocated to them.

### **2.5 Closing date**

The Company will accept applications from the date of this Prospectus until 5.00pm AWST on Wednesday 18 July 2007 or such other date as the Directors in their absolute discretion may determine, subject to the requirements of the ASX Listing Rules.

### **2.6 Total number of New Shares and New Options to be issued**

The total number of New Shares and New Options to be issued pursuant to this Offer will be approximately 22,288,271 New Shares and 22,288,271 New Options (the exact number depends on rounding-up of individual holdings and the number of unlisted Options exercised prior to the Record Date). The gross proceeds (before expenses) of

this Offer will be approximately \$5,000,000. The expenses of the Offer are expected to be approximately \$350,000.

## **2.7 Underwriting**

The Offer is fully underwritten by Patersons Securities Limited on the terms of the Underwriting Agreement (see section 9.4).

## **2.8 Issue of New Shares and New Options**

Haddington expects to issue the New Shares and New Options on or before Monday 23 July 2007. No issue of New Shares or New Options will be made until permission is granted for quotation of the New Shares and New Options on the ASX.

Application Monies will be held in trust for applicants in a subscription account until New Shares and New Options are issued to applicants.

## **2.9 ASX quotation**

Haddington will apply for admission of the New Shares and New Options to quotation on the ASX within 7 days after the date of this Prospectus. If the ASX does not grant official quotation of the New Shares and New Options within 3 months after the date of this Prospectus, Haddington will not issue any New Shares and New Options and will repay all Application Monies within the time prescribed under the *Corporations Act*, without interest.

## **2.10 Ranking and distributions**

The New Shares (and the Shares issued on exercise of the New Options) will, from issue, rank equally with existing Shares from the time they are issued. A summary of the rights attaching to the New Shares and New Options is set out in sections 9.3 and 9.4 of this Prospectus.

## **2.11 Checking your share holdings**

Your current Haddington share holdings can be viewed by registering your details online at the Registry's website [www.securitytransfer.com.au](http://www.securitytransfer.com.au).

## **2.12 Rights trading**

This Offer is renounceable, which means that Rights can be transferred or traded on the ASX. This enables Shareholders who do not wish to subscribe for some or all of the New Shares and New Options to sell their respective Rights. Any portion of your Entitlement that you decide not to accept and that you do not transfer or trade will lapse and become part of the Shortfall.

The Rights will be quoted on the ASX. Trading of Rights will commence on the ASX on Tuesday 26 June 2007 and will cease at the close of trading on Wednesday 11 July 2007.

If you wish to trade your Rights, see section 3 for further information.

#### **2.13 Market prices of shares**

The lowest and highest market sale prices of Shares on the ASX during the 3 months immediately preceding the lodgement date of this Prospectus, and the respective dates of those sales, were:

- Share price low on 22 March 2007 of 13.5c
- Share price high on 12 April 2007 of 50.0c

The last sale price for Shares on the ASX on Wednesday 20 June 2007, being the last day of trading of Shares prior to the date of this Prospectus, was 38 cents.

#### **2.14 Ineligible Shareholders**

This Prospectus contains an Offer to Shareholders with a registered address in Australia or New Zealand.

Shareholders with a registered address in Australia or New Zealand who hold Shares on behalf of persons who are not resident in Australia or New Zealand are responsible for ensuring that taking up the New Shares and New Options under the Offer does not breach securities laws in the relevant overseas jurisdictions. Return of a duly completed Entitlement and Acceptance Form will be taken by Haddington to constitute a representation that there has been no breach of such laws.

The Offer in this Prospectus is not being extended to any Shareholder, as at the Record Date, whose registered address is not in Australia or New Zealand because of the small number of those Shareholders, and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand. The Prospectus is sent to those Shareholders for information only.

The Company has appointed the Underwriter (or associates of the Underwriter) as nominee to sell the Ineligible Shareholders' Rights. The Underwriter (or associates of the Underwriter) will only sell the Rights if there is a viable market in the Rights and a premium over the expenses of sale can be obtained.

Any such sale will be at a price and be conducted in a manner that the nominee will determine in its absolute discretion.

The proceeds of sale (in Australian dollars) will be distributed to the Ineligible Shareholders for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after

deducting the costs of the sale and the distribution of the proceeds), save that individual amounts of less than \$10 will be retained by the Company. Neither the Company nor the nominee will be liable for any failure to sell the Rights or to sell the Rights at any particular price. If there is no viable market for the Rights of the Ineligible Shareholders, their Entitlement will be allowed to lapse and the relevant New Shares and New Options will revert to the Underwriter.

#### **2.15 Taxation implications**

The Board considers that it is not appropriate to provide advice regarding the taxation consequences of applying for New Shares and New Options under this Prospectus.

Haddington and its officers and advisers do not accept any responsibility or liability for any taxation consequences of Eligible Shareholders applying for and disposing of New Shares and New Options. As a result, Eligible Shareholders should consult their own professional tax advisers in connection with applying for New Shares and New Options under this Prospectus.

However, the Board considers it important that Shareholders are aware that a recent decision of the High Court of Australia (*Commissioner of Taxation v McNeil*) has given rise to uncertainty as to the appropriate treatment of the proceeds or deemed proceeds from dealing in rights. Following this decision, the Australian Taxation Office has, in at least one instance, treated rights granted in connection with a renounceable rights issue as ordinary income of a taxpayer in an amount represented by the market value of the rights on the date of grant (see ATO Class Ruling CR 2007/42). Accordingly, the Board strongly recommends that Eligible Shareholders consult their own professional tax advisers in connection with the Offer.

#### **2.16 Entitlement and Acceptance Form is binding**

A completed and lodged Entitlement and Acceptance Form, together with payment for the number of New Shares and New Options applied for, cannot be withdrawn and constitutes a binding application for the number of New Shares and New Options specified in the Entitlement and Acceptance Form on the terms set out in this Prospectus. The Entitlement and Acceptance Form does not need to be signed to be binding.

If the Entitlement and Acceptance Form is not completed correctly, Haddington in its absolute discretion can reject it or treat it as valid. Haddington's decision as to whether to accept or reject an Entitlement and Acceptance Form or how to construe, amend or complete it is final.

## 2.17 Enquiries

Enquiries concerning the Entitlement and Acceptance Form should be directed to Security Transfer Registrars on (08) 9315 2333 (within Australia).

Enquiries concerning this Prospectus should be directed to the Haddington Company Secretary, Stephen Brown, on (08) 9488 5100.

### 3. Action required by Shareholders

#### 3.1 What you may do

The number of New Shares and New Options to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

You may take up:

- **all** of your Entitlement;
- **all** of your Entitlement and apply for **Additional New Shares and New Options** (as described in Section 2.4);
- **part** of your Entitlement and either allow the balance to lapse or sell or transfer the balance of your Rights; or
- **none** of your Entitlement and either allow the Entitlement to lapse or sell or transfer your Rights.

If you wish to take up **ALL** or **PART** of your Entitlement, you must:

- (1) complete the accompanying Entitlement and Acceptance Form in accordance with the instructions; and
- (2) ensure your application is received by Security Transfer Registrars' office (at the address shown below) by 5.00pm on the Closing Date. The Closing Date is currently Wednesday 18 July 2007, but Haddington reserves the right to extend the Offer Period.

**Note:** If you decide not to take up all of your Entitlement, the Entitlement, to the extent not taken up or Rights are not sold or transferred, will lapse.

Security Transfer Registrars' address is:

PO Box 535, Applecross WA 6953

Facsimile: (08) 9315 2233

If you wish to take up **NONE** of your Entitlement and thus allow it to lapse you need do nothing.

### **3.2 Sell some or all of your Rights on ASX**

If you are an Eligible Shareholder and wish to sell some or all of your Rights on ASX, please contact your stockbroker as soon as possible.

You can trade Rights on ASX from Tuesday 26 June 2007. Rights trading on ASX closes, and all trading of Rights must be effected by, Wednesday 11 July 2007.

### **3.3 Transfer all or part of you Rights to another person other than on ASX**

If you wish to transfer all or part of your Entitlement to a person other than by trading on ASX, you must complete and forward:

- a Renunciation and Transfer Form (obtainable from the Registry);
- your Entitlement and Acceptance Form; and
- the transferee's cheque or bank draft for the Application Monies,

to the Registry at:

Security Transfer Registrars  
PO Box 535  
APPLECROSS WA 6953

Facsimile: (08) 9315 2233

by 5.00pm AWST on the Closing Date (the Closing Date is currently 18 July 2007, but Haddington reserves the right to extend the Offer Period).

### **3.4 Form of payment**

Payments will only be accepted in Australian currency and may be made by either:

- Bank cheque drawn on and redeemable at any Australian bank; or
- Personal cheque drawn on and redeemable at any Australian bank.

Cheques should be made payable to "**Haddington Rights Issue Trust Account**" and crossed "**Not Negotiable**". Shareholders are asked not to forward cash. Receipts for payment will not be provided.

## **4. Overview of Haddington**

### **4.1 Introduction**

Since closing production at Bald Hill, the Company has been pursuing an active growth strategy based on exploration of its mineral properties and examination of new acquisition opportunities.

This approach has proven to be successful: Haddington recently announced new uranium targets at the Shoobridge project which are currently being reviewed by a team of geologists and will be followed up with an appropriate exploration program.

The Company is also in the process of carrying out a pre-feasibility study on its Balline industrial garnet deposit near Kalbarri in Western Australia. It is adjacent to one of the world's largest mining and processing facilities for industrial garnet. Historic exploration indicated significant quantities and grades of heavy mineral and recent drilling by the Company has verified the previous work.

In April 2007, Haddington announced that it had entered into a conditional agreement to acquire all of the issued shares of Minvest International Corporation, an unlisted diversified services and minerals group with operations in Australia, Indonesia and Madagascar. Haddington is presently conducting due diligence relating to Minvest. The following description of the business of Minvest is based on information provided to Haddington by the Minvest Vendors.

Minvest has a large portfolio of mineral projects and provides a range of mining services. Its principals have significant international experience and expertise and have a successful track record in all facets of resource exploration and mining, including the discovery and development of a number of medium and large scale coal mines in Indonesia.

Minvest has reported un-audited revenue from its mining services business of approximately \$11.6 million for the 2006 calendar year and expects its operations to grow into the future.

In addition to the services businesses, the Minvest Acquisition will bring a portfolio of mineral projects which, together with Haddington's existing portfolio of mineral assets, will provide Haddington with a large inventory of exploration projects across a range of commodities and will provide a new direction for the Company's exploration efforts.

The acquisition will also include the Muara Uya Coal Project in Indonesia where the Company intends to immediately move to resource definition drilling ahead of a pre-feasibility study for a possible mine development.

The directors believe that the Minvest Acquisition will provide Haddington with an outstanding opportunity, through the combined large and diverse mineral exploration portfolio and the re-establishment of substantial cash flow, to emulate its previous success as a miner.

#### 4.2 Haddington's focus

##### (1) Exploration - Australia

The Company has made a considerable investment in exploration in Western Australia and the Northern Territory during the past 12 months. The Shoobridge area and in particular the Liberator uranium prospect are now the subject of a detailed review by our geological staff, and the projects are primed for an extensive exploration programme.

##### (a) Shoobridge Project

The Shoobridge project is located approximately 200 km south of Darwin and involves eight granted tenements, totalling approximately 345km<sup>2</sup> with potential for uranium, iron, gold, base metal and tantalum mineralisation.

##### (i) Uranium

Anomalous uranium values were identified at Shoobridge in the early 1990's, in three costeans at the Liberator prospect.

Significant values were 19m @ 0.12% (2.63 lb/t) U<sub>3</sub>O<sub>8</sub>; 9m @ 0.18% (4.06 lb/t) U<sub>3</sub>O<sub>8</sub> (inc 3m @ 0.53% (11.7 lb/t) U<sub>3</sub>O<sub>8</sub>); 8m @ 0.036% (0.79 lb/t) U<sub>3</sub>O<sub>8</sub>.

The Liberator prospect covers anomalous uranium geochemistry and surface radiometric anomalies over a distance of approximately three kilometres. The Company considers these targets to be very encouraging and, with a number of other uranium radiometric anomalies defined in the airborne survey, these targets are the focus of the current exploration program.

On completion of this issue, the Company intends to accelerate the exploration at Liberator.

##### (ii) Iron

Previous exploration by the Company at Shoobridge discovered a large outcrop of hematite at the Two Bobs prospect. 20 rock chip samples were taken by the Company and

analysed for iron with results between 67.3% and 38.8%.

Research into the iron potential of the area has revealed that a reconnaissance program to investigate iron occurrences in the Mt Shoobridge area was carried out by previous explorers in 1967.

The report on the reconnaissance states that the KLM Mesa contains an estimated 18.75 million tonnes of 50.76% Fe. This statement of tonnes and grade was made in 1967, is based on reconnaissance sampling only and is not JORC Code compliant.

In conjunction with its other exploration activities in the Shoobridge area, the Company will further investigate the iron potential of the project.

(b) **Lake Barlee Project - Uranium**

The tenements are located on the western arm of the Lake Barlee dry salt lake complex, approximately 120 km south southwest of Sandstone in Western Australia. Lake Barlee is a large Tertiary – Recent drainage system that extends for approximately 135km.

The Company believes the tenements are prospective for uranium mineralisation formed within calcrete, located in Tertiary palaeochannels, valley channels or within lake sediments.

Major calcrete-hosted uranium deposits include Yeelirrie (35Mt @ 1.5kg/t U<sub>3</sub>O<sub>8</sub>) and Lake Maitland (32Mt @ 0.33 kg/t U<sub>3</sub>O<sub>8</sub>).

(c) **Finniss Range**

The Finniss Range project is located approximately 50 km south of Darwin and approximately 20 km southwest of Berry Springs/Tumbling Waters.

Exploration is currently focused on ground reconnaissance of 13 uranium radiometric anomalies defined from the Litchfield North radiometric survey acquired from the NT Department of Primary Industries, Fisheries & Mines.

The far eastern portion of the Finniss Range project contains some prospective South Alligator Group lithologies; the unit which hosts the nearby Mount Fitch North, Brodribb, Mount Minza, Waterhouse No.1, and

Riverside uranium occurrences, in addition to other various base metal and iron prospects.

Initial ground inspection and radiometric surveys of these targets have returned anomalous values.

The Mt Fitch Copper-uranium resource is located immediately east of the project area within the Rum Jungle Uranium Field.

(d) **The Pilbara Project**

The Pilbara project comprises two granted exploration licences and eight EL applications, totalling over 610km<sup>2</sup>.

Haddington's current strategy for the Pilbara is to assess Pilgangoora and Woodstock areas for iron and base metals. The potential for these commodities (iron, gold and base metals) within the greenstone terranes will be addressed by first pass geological mapping, geochemical sampling and acquisition of airborne geophysical data.

The work program for the Pilbara district will also involve generative programs such as desktop studies and data review for all tenements.

(e) **Balline Project – Industrial Garnet**

The Company is conducting a pre-feasibility study of the Balline industrial garnet deposit near Kalbarri in Western Australia. The Balline deposit is immediately adjacent to one of the world's largest mining and processing facilities for industrial garnet.

There is growing demand for alluvial garnet in industrialised countries as an abrasive blast medium for cleaning steel structures, ships, pipelines, offshore platforms, chemical plants and anywhere where blast cleaning of steel is required. It is also used for water jet cutting where precision cutting of material such as steel, copper, granite, rubber, glass and wood is required.

Historic exploration by others for heavy minerals on the Balline property indicated significant quantities and grades of industrial garnet and recent drilling by the Company has verified the previous work.

The Company plans to move ahead with other elements of the pre-feasibility study including metallurgical testing and marketing studies on the Balline deposit to establish its viability ahead of a development decision.

In the event of a development decision at Balline, the Company would look to utilise its Bald Hill spiral plant as the nucleus for a processing plant at Balline. The Company may use some of the funds raised under this Rights Issue to re-locate the Bald Hill plant to Balline.

(2) **Minvest**

Haddington recently entered into the Implementation Agreement, which is a conditional agreement to acquire all of the issued shares of Minvest International Corporation. Haddington is presently conducting due diligence and negotiating the terms of the formal transaction agreement contemplated by the Implementation Agreement. Refer to section 9.6 for further details about the Implementation Agreement.

The following is a summary of information provided to Haddington by the Minvest Vendors relating to the business of Minvest:

(a) **Exploration - Indonesia**

Subject to completion of the Minvest Acquisition, Haddington will acquire Minvest and accordingly, its portfolio of tenements. In particular the two KPs (Indonesian Mining Rights) that make up the Muara Uya Coal project in Indonesia provide an immediate opportunity to fast track resource definition drilling ahead of development studies.

The KPs are located in the coal bearing areas of the Tanjung Formation in the province of South Kalimantan.

The two adjacent KPs cover an area of 63 km<sup>2</sup> and are located at Muara Uya in the Tabalong district. This region of Kalimantan has been the focus of intense exploration for coal, resulting in numerous occurrences of high grade coking coal products as well as high energy thermal coals, both of which can attract premium market prices.

The region supports a number of coal mining and exploration areas, the most prominent being Adaro Indonesia which produces some 35MT per year of low energy thermal coal.

Multiple seams exist along an 11 kilometre strike length on the Muara Uya KP's, with 8 separate seams identified at surface ranging from 0.5 metre to almost 2.0 metres thick across a 2 kilometre wide outcrop zone.

Over 60 outcrop locations have been surveyed over the two KPs, of which 30 have been sampled. Coal quality

is variable but shows an overall high calorific value of 6,132 kcal/kg to 7,412 kcal/kg with low to medium sulphur levels.

(b) **Exploration - Madagascar**

(i) **Uranium**

Minvest Madagascar SA, an 80% subsidiary of Minvest, has an 80% interest in three uranium areas comprising 1,300km<sup>2</sup> in the south of Madagascar. Madagascan law requires that the Government of Madagascar is a 20% partner in any licences to explore for uranium.

The areas are at an early stage of exploration, however, airborne radiometric surveys carried out by the French Commissariat a l'Energie Atomique and the United Nations Special Fund has identified radioactive anomalies which have been confirmed by Minvest through follow up ground reconnaissance.

(ii) **Gold**

Minvest has entered into a sale and purchase agreement to acquire a 100% beneficial interest in two gold leases, currently held by others, at Antanimbaray to the north of the capital Antananarivo. Exploration by others to date has revealed a high grade gossanous quartz gold anomaly where drilling has intersected two quartz mineralised zones with elevated gold values.

(iii) **Lignite**

Minvest Madagascar SA has a 100% interest in leases over part of a known lignite area at Antanifotsy, some 150 km south of the capital, Antananarivo. Minvest has carried out preliminary exploration work on the area and is working in co-operation with adjacent lease holders for joint development of the lignite resource to support a lignite fired power station close to Antananarivo.

(c) **Services Business**

The Minvest Services division's principal operations are drilling and geo-logging companies operating in Australia, Indonesia and Madagascar. The principal operating companies are:

(i) **Australia**

**Belldale Enterprises Pty Ltd** (100% ownership), which currently has a fleet of four drilling rigs working principally in the Queensland coal exploration and mining industry.

**RG Geologging Australia Pty Ltd** (67.63% ownership), which provides geophysical logging services principally to the Queensland coal industry.

(ii) **Indonesia**

**PT Asiadrill Bara Utama** (100% ownership) which, has a fleet of 10 drilling rigs principally servicing the coal exploration and mining industry in Indonesia.

**PT Velseis Indonesia** (50% beneficial interest held via Deed of Trust) which, provides geophysical logging and seismic surveys principally to the coal industry in Indonesia.

The mining consultancy group, **PT Minvest Jasatama Teknik (MJT)** in Indonesia, is being restructured and reorganised as an exploration company to assist Minvest in meeting its new objectives. A core group of experienced exploration and mining staff will explore and develop Minvest owned resource properties internationally.

(iii) **Madagascar**

**Madagascar Drilling SA**, a 95% subsidiary of Minvest, has 3 drilling rigs and provides drilling and technical services in Madagascar.

Demand for quality drilling and geophysical services is high and opportunities exist with existing and new clients to expand earnings from this part of the business.

(3) **Acquisition Opportunities**

Your Directors have had considerable experience in evaluating mineral projects for investment and development. The Board has assessed potential mineral projects using a broad range of criteria; however, a preference has been towards projects that have significant potential for mine development and that are likely to attract additional financial support in the market place.

5. **Use of proceeds of Offer**

The funds raised under this Rights Issue will enable the Company to aggressively explore its expanded portfolio of mineral properties and grow its new services business. Haddington will be able to pursue a more aggressive exploration program on its uranium assets and to fast-track the development of its garnet and coal projects.

The following table illustrates the proposed application of funds raised from the Rights Issue assuming that the maximum amount is raised and the Minvest Acquisition is completed.

<b>SOURCE OF FUNDS</b>	
Existing cash	\$3,300,000
Proceeds from the Rights Issue	\$5,000,000
<b>TOTAL</b>	<b>\$8,300,000</b>

<b>USE OF FUNDS</b>	
Uranium & Iron - Shoobridge	\$1,000,000
Uranium & Tantalum - Finniss Range	\$450,000
Uranium – Madagascar*	\$600,000
Uranium - Lake Barlee	\$400,000
Lignite – Madagascar*	\$350,000
Balline Garnet pre feasibility study	\$950,000
Muara Uya Coal Project – Indonesia*	\$1,300,000
Grow the services business*	\$500,000
Expenses of the Rights Issue	\$350,000
Corporate and administration	\$1,000,000
Working capital	\$1,400,000
<b>TOTAL</b>	<b>\$8,300,000</b>

The estimated use of funds is contingent upon exploration success and results from the expenditure in line with the Company's objectives and strategy.

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The final expenditure of funds may vary from the above depending upon the circumstances in which the business develops and operates.

\* In the event that the Minvest Acquisition is not completed the funds allocated to Minvest projects will be re-allocated. \$1.45 million would be set aside to review and identify projects or businesses for investment, acquisition or farm-in, and \$1.3 million would be allocated to exploration and development of Haddington's existing exploration projects.

6. **Key personnel at Haddington**

Colin McCavana      Managing Director

Mr McCavana is a member of the AusIMM and a Fellow of the AICD, and has over 30 years experience in mining and earthmoving industries, with a successful track record in exploration & developing projects to production.

Stephen Brown      CFO/Company Secretary

Mr Brown is a Chartered Secretary and Certified Practising Accountant and has over 20 years experience in the areas of management and financial accounting, general administration and company secretarial functions, primarily within the resources sector.

Nicholas Burn      Exploration Manager

Mr Burn is a member of the Australian Institute of Geoscientists and has 20 years professional experience in multi-commodity mineral exploration, feasibility and project development in SA, WA, Qld and the NT.

## 7. Effect of this Offer on Haddington

### 7.1 Shares on issue on completion of the Rights Issue and Minvest Acquisition

	Current	Post Rights Issue	Post Minvest Acquisition and Rights Issue
Ordinary shares at 4/4/07	55,720,678	55,720,678	55,720,678
Issue on completion of Rights Issue		22,288,271	22,288,271
Issue on completion of Minvest Acquisition			45,589,645
<b>Total</b>	<b>55,720,678</b>	<b>78,008,949</b>	<b>123,598,594</b>

### 7.2 Options on issue on completion of the Rights Issue

Expiry Date	Exercise Price	No. of Options
<u>Listed Options</u>		
31 May 2010	\$0.35	22,288,271
<u>Unlisted Options</u>		
31 December 2007	\$0.20	1,900,000
26 August 2008	\$0.30	500,000
	\$0.40	500,000
31 December 2008	\$0.40	450,000
31 December 2009	\$0.20	500,000
28 February 2010	\$0.20	625,000
30 June 2010	\$0.35	725,000
<b>Total</b>		<b>27,488,271</b>

### 7.3 Transaction costs

Transaction costs are accounted for as a deduction from equity such that shareholders' funds are increased by the amount of the net

proceeds of the capital raising. Total transaction costs are currently estimated at \$350,000.

#### 7.4 **Pro forma Balance Sheet**

Set out below is a pro forma consolidated balance sheet of Haddington on successful completion of the Offer. It is based on Haddington's consolidated balance sheet as at 31 December 2006 contained in Haddington's statutory financial report for the half year ended 31 December 2006, as lodged with the ASX on 16 March 2007. The Company's statutory financial report has been prepared in accordance with Corporations Act, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

The pro forma balance sheet reflects the impact of the Offer and all transaction costs as if they had all occurred on 31 December 2006. It:

- includes gross proceeds of the capital raising from which the current estimate of total transaction costs of \$350,000 is deducted to derive an amount for net proceeds revised;
- allows for the issue of approximately 22,288,271 New Shares under the Offer at an issue price of \$0.23 per Share; and
- allows for the acquisition of Minvest as follows:
  - by the issue of 45,589,645 Shares to the Minvest Vendors at an issue price of 29 cents per share, the closing price of shares on 5 June 2007; and
  - consolidation of the Minvest group of companies with Haddington, based on information provided to Haddington by the Minvest Vendors.

**PROFORMA CONSOLIDATED BALANCE SHEET**

	<b>Proforma Unaudited 31 December 2006</b>		
	<b>31 December 2006 \$'000</b>	<b>Post Rights Issue \$'000</b>	<b>Post Minvest Acquisition and Rights Issue \$'000</b>
<b>CURRENT ASSETS</b>			
Cash	4,104	8,880	10,225
Receivables	803	803	2,179
Inventories	107	107	116
Other	274	274	679
<b>TOTAL CURRENT ASSETS</b>	<b>5,288</b>	<b>10,064</b>	<b>13,199</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	607	607	3,451
Exploration & Evaluation	688	688	976
Goodwill	-	-	8,324
Other	-	-	294
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,295</b>	<b>1,295</b>	<b>13,045</b>
<b>TOTAL ASSETS</b>	<b>6,583</b>	<b>11,359</b>	<b>26,244</b>
<b>CURRENT LIABILITIES</b>			
Payables	239	239	1,475
Borrowings	25	25	67
Provisions	247	247	12
<b>TOTAL CURRENT LIABILITIES</b>	<b>511</b>	<b>511</b>	<b>1,554</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	73	73	73
Borrowings	34	34	655
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>107</b>	<b>107</b>	<b>728</b>
<b>TOTAL LIABILITIES</b>	<b>618</b>	<b>618</b>	<b>2,282</b>
<b>NET ASSETS</b>	<b>5,965</b>	<b>10,741</b>	<b>23,962</b>
<b>EQUITY</b>			
Contributed Equity	8,688	13,464	26,685
Option Reserves	139	139	139
Accumulated Losses	(2,862)	(2862)	(2,862)
<b>TOTAL EQUITY</b>	<b>5,965</b>	<b>10,741</b>	<b>23,962</b>

## 7.5 **Historical financial information**

The full financial report for the half year ended 31 December 2006, including the Income Statement, Balance Sheet, Statement of Cash flows, Directors' Report, Lead Auditor's Independence Declaration, notes to the financial report including accounting policies adopted, Directors' Declaration and Independent Auditor's Review Report, is available on Haddington's website ([www.haddington.com.au](http://www.haddington.com.au)). Investors who wish to obtain a free paper copy of the full financial report for the half year ended 31 December 2006 may contact the Haddington Company Secretary, Mr Stephen Brown, during the Offer Period on (08) 9488 5100.

## 8. Risk factors

There are a number of risk factors which could adversely impact Haddington's performance and the value of Shares. Eligible Shareholders should consider these risk factors before deciding whether to subscribe for New Shares and New Options under the Offer. These risk factors are further described below:

### 8.1 Risks specific to Haddington

The following risks are identified as being key risks specific to an investment in Haddington and include risks attributable to the Minvest Acquisition and the business of Minvest:

#### (1) **Contractual risk - failure to complete the Minvest Acquisition**

Although Haddington has entered into the Implementation Agreement with the Minvest Vendors, which contains the in-principle terms and conditions of the Minvest Acquisition, it is contemplated that the Implementation Agreement will be supplemented by a formal transaction agreement. If, for whatever reason, this does not occur (including Haddington failing to obtain Shareholder approval or an inability of the parties to negotiate and settle the terms and conditions of the formal transaction agreement), Haddington's financial position, performance and prospects may be adversely affected, including by incurring costs associated with any litigation to enforce the Implementation Agreement.

Even if Haddington enters into a formal transaction agreement for the Minvest Acquisition, there can still be no assurance that Haddington will complete the Minvest Acquisition. If the Minvest Acquisition fails to complete for whatever reason (such as a failure to satisfy conditions precedent, including shareholder approval, or a failure by the Minvest Vendors to meet their obligations), Haddington's financial position, performance and prospects may be adversely affected, including by incurring costs associated with any litigation to enforce the formal transaction agreement.

#### (2) **Country risk**

Assuming completion of the Minvest Acquisition, the Company will have projects located in Madagascar and Indonesia, (held through Minvest International Corporation, which is incorporated in Mauritius), which are less developed countries with associated political, economic, legal and social risks. Consideration should be given to the risks associated with

operating in these countries as their economies and legal systems are different from that of most developed countries. There can be no assurance that the systems of government and the political systems will remain stable. There can be no assurance that government regulations relating to foreign investment, repatriation of foreign currency, taxation and the mining industry in these countries will not be amended or replaced in the future to the detriment of the Company's business and or projects. The Directors are unaware of any such proposals at the date of this Prospectus. Outcomes before courts in Madagascar, Indonesia and Mauritius may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company in these countries. There can be no assurance that civil, ethnic or military unrest will not break out in Madagascar or Indonesia in the near future.

**(3) Uranium exploration and mining restrictions**

The Federal Government is responsible for uranium mining within the Northern Territory and currently permits the mining of uranium under a strict legislative framework.

Investors should note that even if Haddington finds deposits of uranium, it may not be able to obtain necessary governmental approvals or meet the additional costs of complying with strict regulations or conditions. In such circumstances, deposits of uranium that might otherwise have been economic to mine may prove to be uneconomic.

The sale and export of uranium is regulated by the Federal Government. These regulations are designed to prevent nuclear proliferation and are tightly controlled through the use of licensing processes. Australian uranium can only be sold and exported to those countries who, amongst other things, undertake to use it for peaceful purposes. At present there are limited countries to which uranium may be sold and exported.

## 8.2 Risks specific to Haddington's industry

In addition to the above, there are a number of specific risks relating to the industry in which Haddington operates of which potential investors should be aware. The following is not an exhaustive summary, but points to some of the risks that are peculiar to a resources company. Any one or a combination of such risks could affect Haddington adversely and thus the value of any investment in Haddington. The Board is unable to speculate as to the extent of such adversity, and thus an investment in Haddington should be regarded as speculative.

### (1) Operation and development risks

By its nature, the business of exploration, mineral development and production, which the Company may participate in, contains risks. Prosperity depends on the successful exploration and/or acquisitions of reserves, design and construction of efficient processing facilities, competent operation and management, and efficient financial management. Exploration is a speculative endeavour, and mining operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

### (2) Native title and title risks

The effect of the present laws in respect of native title that apply in Australia is that mining tenement application and project development may be affected by native title claims or procedures. This may preclude or delay granting of permits to explore or mine on some tenements. The presence of Aboriginal sacred sites on tenements held by the Company may limit or preclude exploration or mining activity within the sphere of influence of those sites and delays and expenses may be incurred in obtaining clearances.

### (3) Tenements

Interests in tenements in Australia, Madagascar and Indonesia are governed by legislation in their respective jurisdictions and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

### (4) Land access risk

Land access has been negotiated with land owners on a majority of the project areas in Australia. Access to the other

project areas will have to be negotiated with other land owners and or government authorities.

Assuming completion of the Minvest Acquisition, the Company's projects may require access to land owned by private landowners or Government authorities. Access agreements may therefore be required with the landowners and/or Government authorities.

(5) **Ability to exploit successful discoveries**

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Company's. As described above, such further work may require the Company to meet or commit to financing obligations for which it may not have planned.

Exploitation will require the Company to obtain sale agreements with third parties with the risk to both supply volume and pricing.

(6) **Securities investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

**(7) Exploration and evaluation risks**

The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

**(8) Product, commodity price and exchange rate risks**

Some of the Company's future earnings will be closely related to the prices achieved for commodities produced. Resource prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include demand, market volatility, substitution of products, and production costs across the industry.

To the extent the Company is involved in mineral production, the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian, Indonesian and Madagascan currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar, the Indonesian Rupiah and Madagascan Ariary, and also between the Australian dollar and the Indonesian Rupiah and the Madagascan Ariary, as determined in international markets.

**(9) Environmental risks**

The operations and activities of the Company in Australia are subject to State and Federal laws and regulation concerning the environment. Assuming completion of the Minvest Acquisition, the Company's operations and activities in Madagascar and Indonesia are subject to Madagascar and Indonesian environmental laws and regulations. As with most exploration

projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(10) **Joint venture parties, agents and contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(11) **Future capital requirements**

The Company's activities will require substantial expenditures. There can be no assurances that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(12) **Resource estimations**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

8.3 **General risk factors**

(1) **Economic conditions**

The performance of Haddington may be significantly affected by changes in economic conditions, and particularly conditions which affect the resources industry. Profitability of the business may be affected by factors such as market conditions, interest rates, inflation and consumer demand.

(2) **Geo-political factors**

Haddington may be affected by the impact that geo-political factors have on the various world economies or the Australian economy or on financial markets and investments generally or specifically.

(3) **Australian and foreign government policies & legislation**

Haddington may be affected by changes to government policies and legislation, including those relating to the resources industry, property, the environment, taxation and the regulation of trade practices and competition, government grants and incentive schemes.

(4) **Share market conditions**

Haddington, being a company listed on the ASX, is subject to the market forces that influence the broad share market trends and the price of securities of individual companies. Accordingly, assuming that the New Shares are granted official quotation on the ASX, they may trade on ASX at higher or lower prices than the issue price.

Each Eligible Shareholder should consider whether shares are a suitable investment before deciding to invest in the New Shares and New Options. Any Eligible Shareholder in doubt

about investing in shares should consult their stockbroker, accountant, lawyer or other professional adviser immediately.

(5) **Other**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of Haddington.

## 9. Additional information

### 9.1 Disclosing entity

Haddington is a disclosing entity for the purposes of the *Corporations Act* and, as such, is subject to regular reporting and disclosure obligations. These obligations include compliance with the requirements of the ASX Listing Rules and the *Corporations Act* concerning notification of information to the ASX. Copies of documents lodged at the ASIC in relation to Haddington may be obtained from, or inspected at, an office of the ASIC. Copies of announcements made to the ASX may be viewed at the ASX's website at [www.asx.com.au](http://www.asx.com.au).

The following table provides a list of all of Haddington's announcements since lodgement of its most recent annual report:

<b>Date</b>	<b>Title</b>
30-Oct-06	First Quarter Activities & Cashflow Reports
02-Nov-06	Pre-Feasibility Study on Alluvial Garnet
22-Nov-06	Results of AGM
24-Nov-06	Appointment of Company Secretary
28-Nov-06	Change of Director's Interest Notice
29-Nov-06	Appendix 3B - Issue of D O'Neill Options
29-Nov-06	Change of Director's Interest Notice
12-Dec-06	Change of Director's Interest Notice
22-Jan-07	Transfer of Share Registry
30-Jan-07	Second Quarter Activities & Cashflow Report
14-Feb-07	Positive Drilling Results - Balline Garnet Project
23-Feb-07	Appendix 3B - Employee options
28-Feb-07	Uranium Exploration - Lake Barlee & Shoobridge
08-Mar-07	Change of Director's Interest Notice
16-Mar-07	Half-Year accounts
03-Apr-07	New Uranium targets identified at Shoobridge
10-Apr-07	Change in Substantial Holding
12-Apr-07	Trading Halt
17-Apr-07	Response to ASX Query re: Share Price
17-Apr-07	Haddington to Acquire Profitable Services & Minerals Group
30-Apr-07	Third Quarter Activities & Cashflow Report
10-May-07	Indonesian coal projects added to Minvest portfolio
5-Jun-07	Extension of time for Minvest Due Diligence
5-Jun-07	Trading Halt
7-Jun-07	Fully Underwritten Renounceable Rights issue
8-Jun-07	Corporate Presentation
8-Jun-07	Letter to Optionholders
8-Jun-07	Appendix 3B
21-Jun-07	Notice of Meeting

During the Offer Period, Haddington will provide, on request by any person, a free copy of its most recent annual report, its subsequent half year financial report and any continuous disclosure notices given by Haddington after the lodgement of its most recent annual report and before the lodgement of this Prospectus.

## 9.2 **Continuous disclosure prospectus**

This Prospectus contains information required under the special prospectus content rules for continuously quoted securities pursuant to section 713 of the *Corporations Act*. This section enables disclosing entities to issue a special prospectus in relation to securities in a class of securities that have been quoted by the ASX at all times in the 12 months before the issue of the Prospectus.

Apart from formal matters, a continuous disclosure prospectus need only contain information relating to the terms and conditions of the Offer, the effect of the Offer on Haddington and the rights attaching to the New Shares and New Options. Other general information is not required to be included by a disclosing entity as the periodic reporting and continuous disclosure requirements applicable to disclosing entities mean that all this information should have previously been released to the market.

## 9.3 **Rights and liabilities attaching to New Shares**

The New Shares (and the Shares issued on exercise of the New Options) will rank equally with, and have the same rights and liabilities as, the existing Shares.

The rights attaching to Shares are set out in the Constitution of Haddington and are affected by the *Corporations Act* and the ASX Listing Rules. The following is a summary of key rules in the Constitution of Haddington.

(1) **Voting**

Subject to any restriction on voting imposed by the ASX Listing Rules or any restriction agreement entered into between Haddington and a Shareholder, every Shareholder present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a show of hands and one vote on a poll for every Share held. A poll may be demanded by the Chairman of the meeting, a Shareholder or Shareholders who together hold at least 5 percent of the votes that may be cast on the resolution on a poll, or who together hold voting shares paid up to a value of not less than 5 percent of the total sum paid up on all voting Shares.

(2) **General meetings**

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

(3) **Dividends**

Where dividends are payable out of Haddington's profits they will be declared by the Board. Dividends declared will (subject to any special rights or restrictions attaching to a class of shares in Haddington created under any arrangement as to dividend) be payable on Shares in accordance with the *Corporations Act*.

(4) **Transfer of Shares**

A Shareholder may transfer Shares by a proper transfer effected in accordance with any computerised or electronic system established or recognised by the ASX or the *Corporations Act* for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by the ASX or in any other usual form or in any form approved by the Board. The Board may refuse to register a transfer of Shares where the refusal to register the transfer is permitted under the Constitution and the ASX Listing Rules.

(5) **Issue of Shares**

The Board may (subject to the restrictions on the issue of Shares imposed by the Constitution of Haddington, the ASX Listing Rules or the *Corporations Act*) issue, grant options in respect of, or otherwise dispose of further Haddington Shares as they see fit.

(6) **Winding up**

Subject to any special or preferential rights attaching to any class or classes of shares in Haddington, on a winding up of Haddington a liquidator may, with the authority of a special resolution of the Shareholders, divide among the Shareholders in kind the whole or any part of the property of Haddington in proportion to the Shares held by them respectively. The liquidator may for that purpose set the value he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders. The liquidator may, with the sanction of a special resolution of the Shareholders, vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(7) **Shareholder liability**

As the Shares are fully paid shares, they are not subject to any call for money by the Board and will therefore not become liable for forfeiture.

(8) **Alteration to the Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of the votes of the Shareholders present and voting at a general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(9) **ASX Listing Rules**

Because Haddington is listed on the ASX official list, notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done, and if a provision is required in the Constitution by the ASX Listing Rules, the Constitution will be treated as containing that provision. If any provision of the Constitution becomes inconsistent with the ASX Listing Rules, the Constitution will be

treated as not containing that provision to the extent of the inconsistency.

#### 9.4 **Rights and liabilities attaching to New Options**

The New Options issued under this Prospectus will be issued on the following terms and conditions:

- (1) Each Option will entitle the Option holder, when exercised, to one Share.
- (2) The Options are exercisable wholly or in part at any time prior to 5.00 pm (AWST) on 31 May 2010 ("Expiry Date"). Options not exercised by that date will lapse.
- (3) Each Option may be exercised by notice in writing to the Company, together with the payment for the number of Shares in respect of which the Options are exercised, at any time before the Expiry Date. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (4) The Option exercise price is \$0.35 per Option.
- (5) An Option does not confer the right to a change in exercise price or a change in the number of the underlying Shares over which the Option can be exercised.
- (6) Shares issued upon exercise of the Options will be issued following receipt of all the relevant documents and payments and will rank equally in all respects with the then issued Shares.
- (7) The Company will apply for quotation on ASX of the Options and all Shares issued upon exercise of the Options.
- (8) Subject to the *Corporations Act*, the Constitution and the ASX Listing Rules, the Options are freely transferable.
- (9) There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced so as to give Option holders the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.
- (10) If at any time the issued capital of the Company is reorganised, the rights of an Option holder are to be changed to the extent necessary to comply with the ASX Listing Rules applying.

## 9.5 Underwriting Agreement

The Company has entered into an underwriting agreement with Patersons Securities Limited.

Under the terms of the Underwriting Agreement, the Underwriter is entitled to an underwriting commission of 5% of the net of the total funds raised by the Offer. The Underwriter is also entitled to a lead manager fee of \$60,000. The Underwriter may appoint sub-underwriters to sub-underwrite the Offer.

The Underwriter is responsible for paying all sub-underwriting fees, handling fees, brokerage and other charges incurred by them in procuring valid applications.

If there is a Shortfall, the Underwriter must, subject to the Underwriting Agreement, on or before 5.00pm on the date being 5 Business Days from the Notice Deadline Date, lodge or cause to be lodged with the Company applications for the underwritten shares comprising the Shortfall (including the application money).

The Company has made a number of representations and warranties under the Underwriting Agreement, including that this Prospectus complies with the requirements of the *Corporations Act* and that the Company has complied with its continuous disclosure requirements. The Company has indemnified the Underwriter and its Directors, officers, employees and advisers against losses arising if these representations and warranties are wrong, and against claims in relation to the issue of this Prospectus.

The Underwriter may terminate the Underwriting Agreement and be released from its obligations on the happening of any of the events listed below. With regard to events in (q) below, the Underwriter must first determine reasonably and in good faith that the event has or is likely to have a material adverse effect on the Offer, or could give rise to a liability for the Underwriter under the *Corporations Act* or otherwise.

Defined terms in items (a) - (q) below have the same meaning as given to them in the Underwriting Agreement.

- (a) **(Indices fall)** : the All Ordinaries Index is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (b) **(Prospectus)** : the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or

- (c) **(No Quotation Approval):** the Company fails to lodge an Appendix 3B in relation to the Underwritten Shares with ASX within 7 days of the Lodgement Date; or
- (d) **(Supplementary prospectus):**
  - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in clause 13.1(q)(vi), forms the view on reasonable grounds that a Supplementary Prospectus should be lodged with ASIC for any of the reasons referred to in Section 719 of the *Corporations Act* and the Company fails to lodge a Supplementary Prospectus in such form and content and within such time as the Underwriter may reasonably require; or
  - (ii) the Company lodges a Supplementary Prospectus without the prior written agreement of the Underwriter; or
- (e) **(Non compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
  - (i) the effect of the Offer on the Company; and
  - (ii) the Rights and liabilities attaching to the Rights Shares,  
  
to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in the Prospectus;
- (f) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the *Corporations Act*) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (g) **(Share Price):** The closing price of the Company's Shares as quoted by the ASX is on any two consecutive Business Days after the date of the Underwriting Agreement and prior to the Allotment Date less than the Price;
- (h) **(Restriction on allotment):** the Company is prevented from allotting the Underwritten Shares within the time required by the Underwriting Agreement, the *Corporations Act*, the Listing

Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;

- (i) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (j) **(ASIC application)**: an order is made by ASIC under Section 1324B or any other provision of the *Corporations Act* in relation to the Prospectus;
- (k) **(ASIC hearing)**: ASIC makes an interim or final stop order in relation to the Prospectus under Section 739 of the *Corporations Act*;
- (l) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the *Corporations Act*, which in the Underwriter's reasonable opinion has a Material Adverse Effect;
- (m) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union (Specified Countries), or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in the Australian equity capital market conditions such that they are not, in the bone fide judgement of Patersons, conducive to the successful completion of the Issue;
- (n) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (o) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (p) **(Sub-underwriters)**: any of the Company Sub-Underwriters that are introduced by the Company do not comply with their obligations under the sub-underwriting agreements or threaten to not comply with their respective obligations under the sub-underwriting agreements;

- (q) **(Termination Events):** any of the following events occurs:
- (i) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
  - (ii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
  - (iii) **(Contravention of constitution or Act):** a contravention by a Relevant Company of any provision of its constitution, the *Corporations Act*, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (iv) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
  - (v) **(Error in Due Diligence Results):** it transpires that any of the Due Diligence Results or any part of the Verification Material was materially false, misleading or deceptive or that there was a material omission from them;
  - (vi) **(Significant change):** a "new circumstance" as referred to in Section 719(1) of the *Corporations Act* arises that is materially adverse from the point of view of an investor;
  - (vii) **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus;
  - (viii) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;

- (ix) **(Official Quotation qualified)**: the official quotation is qualified or conditional other than as set out in the definition of “Official Quotation”;
- (x) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs, other than as disclosed in the Prospectus;
- (xii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xiii) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (xiv) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$100,000.00 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company, other than any claims foreshadowed in the Prospectus;
- (xvi) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Shares without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (xvii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Issue, a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the *Corporations Act* is publicly announced in relation to a Relevant Company;
- (xviii) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 5 Business Days;

- (xix) (**Force Majeure**): a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 Business Days occurs;
- (xx) (**Certain resolutions passed**): a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the *Corporations Act* or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) (**Capital Structure**): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus;
- (xxii) (**Breach of Material Contracts**): any of the Contracts is terminated or substantially modified; or
- (xxiii) (**Investigation**): any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company;
- (xxiv) (**Market Conditions**): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

A copy of the Underwriting Agreement may be inspected at Haddington's office at 7 Havelock St, West Perth, Western Australia.

## 9.6 **Minvest Acquisition – Implementation Agreement**

On 13 April 2007, the Company entered into an Implementation Agreement with Minvest International Corporation and the 4 shareholders of Minvest whereby the parties agreed in principle that the Company will:

- (1) acquire all of the shares in the capital of Minvest (and all of Minvest's interests in Minvest's Australian subsidiaries); and
- (2) issue a total of 45,589,645 Shares to the Minvest Vendors.

The Implementation Agreement contains the following conditions precedent:

- (1) the completion of any due diligence by the Company, satisfactory to the Company in its absolute discretion, by 30

June 2007. (The original date of 13 May 2007 was extended to 30 June 2007 by agreement between the parties);

- (2) the Company obtaining approval from its shareholders for the transaction contemplated by the Implementation Agreement, as well as all necessary regulatory approvals;
- (3) no prescribed occurrence (as defined in the Implementation Agreement) occurring between 13 April 2007 and the date of the shareholders' meeting seeking approval for the transaction; and
- (4) Minvest executing an agreement (on terms satisfactory to the Company) for the acquisition of the coal projects that Minvest was assessing and negotiating at the time of executing the Implementation Agreement. (On 10 May 2007, the Company announced to the ASX that Minvest had entered into option agreements in relation to the acquisition of these coal projects.)

The parties intend that the Implementation Agreement is to be supplemented by a formal transaction agreement to be executed by 30 June 2007. (The original date of 31 May 2007 was extended to 30 June 2007 by agreement between the parties). The transaction agreement will:

- (1) provide that key Minvest personnel identified by the Company must remain employed by Minvest or the Company for a period of 2 years following completion of the transaction on terms satisfactory to the Company and the key Minvest personnel;
- (2) provide that Minvest may direct the Company to issue to Minvest personnel up to 5% in total of the 45,589,645 Shares to be issued as part of the transaction;
- (3) provide that Minvest Vendors and any Minvest personnel to whom shares are issued must execute voluntary escrow deeds in respect of the shares in the Company they receive pursuant to the transaction, with half those shares to be escrowed for a period of 2 years and the other half escrowed for a period of 3 years;
- (4) provide that Minvest will be entitled to appoint David Mason and an independent non-executive representative to the board of the Company; and
- (5) provide that the Minvest shareholders and their respective associates and related bodies corporate be prohibited from soliciting staff or clients from the Company, Minvest or a Minvest subsidiary for a period of 3 years from completion of

the transaction, and be restrained from competing in any way with the Company in respect of the provision of drilling and exploration services and acquiring exploration and mining properties in Madagascar, Indonesia, Malaysia and Australia for the same 3 year period.

The Implementation Agreement contains an exclusivity obligation whereby Minvest and the Minvest Vendors each agree that they will not deal with any person other than the Company in any way in respect of the sale of the Minvest shares or the assets of Minvest or any interest in Minvest or its businesses for a period of 6 months from the date of the Implementation Agreement, unless the Company does not complete its due diligence by 30 June 2007. (The original date of 13 May 2007 was extended to 30 June 2007 by agreement between the parties).

The Implementation Agreement may be terminated:

- (1) by the Company:
  - (a) for non-fulfilment of any condition precedent (although the Company may elect to waive that condition precedent); or
  - (b) if there is a breach by Minvest of a representation or warranty given by Minvest under the Implementation Agreement or if a material adverse change occurs;
- (2) by Minvest if the Company is in breach of a representation or warranty given under the Implementation Agreement; and
- (3) by either Minvest or the Company if:
  - (a) the other party is in material breach of the agreement and an appropriate notice or opportunity to rectify that breach has been given to the other party; or
  - (b) a court of regulatory authority prohibits the transaction.

## 9.7 Privacy

Haddington collects information about each Eligible Shareholder provided on the Entitlement and Acceptance Form for the purpose of processing Entitlement and Acceptance Forms, and to administer the Eligible Shareholder's security holding in Haddington.

By submitting an Entitlement and Acceptance Form, each Eligible Shareholder agrees that Haddington may use the information provided on an Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to Haddington's Registry, related bodies corporate, agents, contractors

and third party service providers, including mailing houses and professional advisers, and to the ASX and other regulatory authorities.

The *Corporations Act* requires Haddington to include information about the security holder (including name, address and details of the securities held) in its public register. The information contained in Haddington's public registers must remain there even if that person ceases to be a security holder of Haddington. Information contained in Haddington's register is also used to facilitate distribution payments and corporate communications (including Haddington's financial results, annual reports and other information that Haddington may wish to communicate to its security holders) and compliance by Haddington with legal and regulatory requirements.

If the information required on an Entitlement and Acceptance Form is not provided, Haddington may not be able to accept or process the Entitlement and Acceptance Form.

An Eligible Shareholder has a right to gain access to the information that Haddington holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Haddington's registered office.

#### **9.8 Disclaimer**

The information contained in this Prospectus (including sections 4 and 7 of this Prospectus) does not represent any forecast or projection as to the future revenue or profitability of Haddington. See section 8 regarding risk factors generally in respect of your decision on whether to apply for New Shares and New Options under the Offer.

#### **9.9 CHES and issuer sponsorship**

Haddington participates in CHES. All trading on the ASX in Shares is, and in New Shares and New Options will be, settled through CHES. ASTC, a wholly-owned subsidiary of the ASX, operates CHES in accordance with the ASX Listing Rules and the ASTC Settlement Rules. Security Transfer Prospectus Pty Ltd operates an electronic issuer-sponsored sub-register and an electronic CHES sub-register. Both these sub-registers constitute Haddington's principal register of Shareholders.

Holders of New Shares and New Options will not receive a certificate but will receive a statement of their holding. If an Eligible Shareholder is sponsored by a broker or other participant in CHES, that person will receive a CHES statement which will set out the number of New Shares and New Options issued to them under this Prospectus, provide details of their HIN (holder identification number), and provide the participant identification number of the sponsor.

If applicants are registered on the issuer-sponsored sub-register, their holding statement will contain the number of New Shares and New Options issued to them under this Prospectus and their SRN (security-holder reference number).

A CHESSE statement or issuer-sponsored statement will be sent to holders of Shares or Options at the end of any calendar month during which the balance of their holding changes. Holders of Shares or Options may request a statement at any other time, however, a charge may be made for additional statements.

#### 9.10 Remuneration

The Constitution contains provisions as to remuneration of Directors. Provided that the aggregate remuneration paid to the non-executive Directors does not exceed the aggregate fixed sum determined within these provisions, the Board will determine the amount of remuneration to be paid or applied for the benefit of each non-executive Director, and the proportions and the manner in which such remuneration will be paid or applied, or until so determined, the aggregate fixed sum will be paid to the non-executive Directors equally. Annual remuneration of \$39,240.00 is paid by Haddington to each of the non-executive Directors, inclusive of superannuation.

Each non-executive Director is also entitled to fees for performance of additional services and to reimbursement of reasonable out-of-pocket expenses. The remuneration of non-executive Directors does not include payments made in connection with the provision of superannuation benefits, the payment of superannuation benefits or any other payments made as a consequence of and in accordance with the provisions for retirement, loss of office, death, extra services and interests in staff funds.

#### Directors' remuneration for year ended 30 June 2006

	Salary, Fees, Commissions	Super-annuation Contribution	Cash Bonus	Non-cash Benefits	Options	Total
C McCavana	\$234,196	\$25,762	-	\$40,366	-	\$300,324
J Pearson	\$51,273	\$3,240	-	-	-	\$54,513
C Medhurst	\$36,000	\$3,240	-	-	-	\$39,240
D O'Neill	-	-	-	-	-	-
J Tarrant	\$15,000	\$1,350	-	-	-	\$16,350
J Hannaford	\$1,500	-	-	-	-	\$1,500
TOTAL	\$337,969	\$33,582	-	\$40,336	-	\$411,927

### Directors' remuneration for year ended 30 June 2005

	Salary, Fees, Commissions	Super-annuation Contribution	Cash Bonus	Non-cash Benefits	Options	Total
C McCavana	\$196,367	\$21,600	-	\$48,880	\$47,850	\$314,697
J Pearson	\$46,943	\$3,240	-	-	\$47,850	\$98,033
C Medhurst	\$36,000	\$3,240	-	-	\$47,850	\$87,090
J Tarrant	\$37,800	\$3,240	-	-	\$47,850	\$88,890
TOTAL	\$317,110	\$31,320	-	\$48,880	\$191,400	\$588,710

#### 9.11 Directors' participation in option plans

To provide long term incentives, Executive Directors are entitled to participate in the Haddington Limited Employee Share Option Plan.

The issue of any options to Directors requires approval by Shareholders at a general meeting of Shareholders.

#### 9.12 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director of Haddington, and no firm in which a Director or proposed Director of Haddington is a partner, holds, or held at any time during the last two years before the date of this Prospectus, any interest in the formation or promotion of Haddington, any property acquired or proposed to be acquired by Haddington in connection with its formation or promotion or in connection with the Offer.

Other than as set out below no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or proposed Director of Haddington in the last two years:

- (1) to induce them to become, or to qualify them as, a Director; or
- (2) for services rendered by them in connection with the formation or promotion of Haddington or in connection with the Offer.

Directors are not required under Haddington's Constitution to hold any Shares in Haddington.

The Directors disclose their relevant interests (whether the shareholding is held in their personal name or otherwise) in Shares and in Options as at the date of this Prospectus as follows:

Name	Shares	Options	Entitlement under Offer	
			New Shares	New Options
Colin McCavana	1,885,490	500,000	754,196	754,196
James Pearson	375,000	500,000	150,000	150,000
Clair Medhurst	169,250	500,000	67,700	67,700
Dennis O'Neill	200,000	500,000	80,000	80,000

### 9.13 Interests of other persons

Haddington has paid or agreed to pay the following amounts to the following persons in connection with the Offer:

- (1) **Underwriter:** Refer to section 9.5.
- (2) **Deacons:** Fees for professional services undertaken as Australian legal advisers to Haddington in connection with the Offer and the Minvest Acquisition of approximately \$115,000 as at the date of this Prospectus.
- (3) **Various suppliers:** Fees for other services provided including the Registry, printing and mailing, ASIC fees, and ASX fees of approximately \$30,000 in total.

Members and staff of the above companies, firms or their associates may be Eligible Shareholders.

Other than as set out above or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and no promoter of Haddington or the Underwriter involved in the Offer holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in the formation or promotion of Haddington, any property acquired or proposed to be acquired by Haddington in connection with its formation or promotion or in connection with the Offer, and no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the formation or promotion of Haddington or in connection with the Offer.

### 9.14 Consents and disclaimers

Each of the following persons have given and not withdrawn their consent to be named, or to the inclusion of statements by the person (or to the inclusion of statements said in this Prospectus to be based

on statements by the person), in this Prospectus in the form and context in which they are named or the statements are included:

- (1) Patersons Securities Limited (as Underwriter);
- (2) Deacons (Australian legal advisers to Haddington in relation to the Offer);
- (3) Security Transfer Registrars (Registry); and
- (4) Aspac Mining Limited, The Asian Investment Marketing Limited, Faircrown Company Limited and East Anglia Company Limited (the Minvest Vendors).

Each of the persons named in this section 9.14 has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus or on which a statement in this Prospectus is said to be based, except to the extent set out in that person's consent, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus except to the extent set out in that person's consent.

**9.15 Costs and expenses of the Offer**

The total costs and expenses of the Offer payable by Haddington are estimated to be approximately \$350,000.

**9.16 Governing law**

This Prospectus and the contracts which arise on acceptance of Entitlement and Acceptance Forms are governed by the law applicable in the State of Western Australia, Australia and each applicant submits to the non-exclusive jurisdiction of the courts of the State of Western Australia, Australia.

**9.17 Consents to lodgement**

Each Director of Haddington has given, and has not withdrawn, his consent to the lodgement of this Prospectus with ASIC.

**9.18 Authorisation**

This Prospectus is signed on 21 June 2007 by Colin McCavana on behalf of the Directors, each of whom has consented to the signature, lodgement and issue of this Prospectus.



Colin McCavana  
Managing Director

## 10. Definitions

<b>\$</b>	Australian dollars (and references to cents are to Australian cents) unless otherwise indicated.
<b>Additional New Shares and New Options</b>	New Shares and New Options in addition to an Eligible Shareholder's Entitlement for which an Eligible Shareholder makes an application under this Prospectus as described in Section 2.4.
<b>Application Monies</b>	Monies received from an Eligible Shareholder in respect of the Offer.
<b>AWST</b>	Australian Western Standard Time (unless a date falls during the period in which daylight savings applies in Western Australia, in which case AWST will mean Australian Western Daylight Savings Time).
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ABN 98 008 624 691.
<b>ASX Listing Rules</b>	The official listing rules of ASX.
<b>Board</b>	The board of directors of Haddington.
<b>Business Day</b>	An Australian business day that is not a Saturday, Sunday, or any other day which is a public holiday or bank holiday in the place where an act is to be performed or a payment is to be made.
<b>Closing Date</b>	18 July 2007 (unless extended).
<b>Company</b>	Haddington Resources Limited ABN 39 093 391 774.
<b>Constitution</b>	The constitution of Haddington as amended from time to time.
<b>Corporations Act</b>	<i>Corporations Act 2001 (Cth)</i> .
<b>Director</b>	A director of the Company.
<b>Eligible Shareholder</b>	A Shareholder of the Company, as at the Record Date, other than an Ineligible Shareholder.

<b>Entitlement</b>	The Entitlement to 2 New Shares and 2 New Options for every 5 Shares held at 7.00pm (AWST) on the Record Date.
<b>Entitlement and Acceptance Form</b>	The entitlement and acceptance form accompanying this Prospectus.
<b>Haddington</b>	Haddington Resources Limited (ABN 39 093 391 774).
<b>Implementation Agreement</b>	The agreement between Haddington and the Minvest Vendors to acquire all of the shares in Minvest, as more fully described in section 9.6.
<b>Ineligible Shareholder</b>	A Shareholder, as at the Record Date, whose registered address is not in Australia or New Zealand.
<b>JORC Code</b>	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.
<b>Minvest</b>	Minvest International Corporation (a company established under the laws of Mauritius).
<b>Minvest Acquisition</b>	The proposed acquisition of all the shares in Minvest pursuant to the Implementation Agreement, as more fully described in sections 4 and 9.6.
<b>Minvest Vendors</b>	<p>Aspac Mining Limited ARBN 116 553 087 (company No. 6/97/2223) of 210 St James Court, Rue St Denis, Port Louis, Mauritius</p> <p>The Asian Investment Marketing Limited (company No. 6/2001/8812) of Second Floor, Fairfax House, 21 Mgr Gonin Street, Port Louis, Mauritius</p> <p>Faircrown Company Limited (company No. 305572) of Trident Chambers, PO Box 146, Road Town, Tortola, British Virgin Islands</p> <p>East Anglia Company Limited (company No. 41490 C1/GBL) of Second Floor, Fairfax House, 21 Mgr Gonin Street, Port Louis, Mauritius</p>
<b>New Option</b>	An option to acquire a Share exercisable at \$0.35 on or before 31 May 2010 to be issued under this Prospectus.

<b>New Share</b>	A fully paid ordinary share in the capital of the Company to be issued under this Prospectus.
<b>Offer</b>	Offer of New Shares and New Options under this Prospectus.
<b>Offer Period</b>	The period from 21 June 2007 until the Closing Date.
<b>Option</b>	An option to acquire a Share.
<b>Prospectus</b>	This prospectus dated 21 June 2007.
<b>Registry</b>	Security Transfer Registrars Pty Ltd (ABN 95 008 894 488)
<b>Renunciation and Transfer Form</b>	The form required to be completed in order to transfer your Rights to another person, other than on ASX, and available on request from the Registry.
<b>Rights</b>	A right to subscribe for a New Share and New Option under the Offer.
<b>Rights Issue or Issue</b>	The renounceable pro rata rights issue under this Prospectus by the Company of 2 New Shares and 2 New Options for every 5 Shares held at an issue price of \$0.23 per New Share.
<b>Record date</b>	2 July 2007.
<b>Related Body Corporate</b>	Has the meaning ascribed to it in section 9 of the <i>Corporations Act</i> .
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	A person who holds Shares.
<b>Shortfall</b>	Those New Shares and New Options not subscribed for by way of an application under this Prospectus by 5.00pm AWST on the Closing Date.
<b>Underwriter</b>	Patersons Securities Limited (ABN 69 008 896 311).
<b>Underwriting Agreement</b>	The agreement between Haddington and the Underwriter dated 7 June 2007 and described further at paragraph 9.5 of this Prospectus.

## 11. Corporate directory

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### Directors of Haddington

Colin McCavana (Managing Director)  
Dennis O'Neill (Non Executive Director)  
Clair Medhurst (Non Executive Director)  
James Pearson (Non Executive Director)

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### Company secretary

Stephen Brown

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### Registered office

7 Havelock Street  
West Perth 6005  
Western Australia

[www.haddington.com.au](http://www.haddington.com.au)

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### Underwriter

Patersons Securities Limited  
Level 23, Exchange Plaza  
2 The Esplanade  
Perth 6000  
Western Australia

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### Australian legal advisers to Haddington in relation to the Offer

Deacons  
L39, Bankwest Tower  
108 St Georges Terrace  
Perth 6000  
Western Australia

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### Registry

Security Transfer Registrars  
770 Canning Highway  
Applecross WA 6153  
Western Australia  
Tel: +61 8 9315 2333  
Fax: +61 8 9315 2233

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Mail Entitlement and Acceptance Forms to:

Security Transfer Registrars  
770 Canning Highway  
Applecross WA 6153  
Western Australia  
Tel: +61 8 9315 2333  
Fax: +61 8 9315 2233

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