

DV01 MECHELLE LIMITED
ACN 061 343 959
SUPPLEMENTARY PROSPECTUS

1. IMPORTANT INFORMATION

This Supplementary Prospectus is dated 23 December 2011 and is supplementary to the prospectus dated 31 May 2011 (**Prospectus**) issued by DV01 Mechelle Limited (ACN 061 343 959) (**Company**).

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 23 December 2011. The ASIC does not take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. Terms defined in the Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the internet at <http://www.dv01.com/>

This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

Other than the changes set out below, all other details in relation to the Prospectus remain unchanged. The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor.

Accordingly, no action needs to be taken if you have already subscribed for Shares under the Prospectus. A copy of this Supplementary Prospectus will be available on the Company's website and the Company will send a letter to all Applicants who have subscribed for Shares in the Prospectus to the date of this Supplementary Prospectus advising them of the Supplementary Prospectus.

2. AMENDMENT TO THE PROSPECTUS

2.1 Change to Company's Registered Office

The Company and Manager have changed the address of its Registered Office and accordingly, the Prospectus is amended by deleting the address for the Company's Registered Office and the Manager's Head office in the "Corporate Directory" section of the Prospectus and replacing it with:

Suite 3, 29 Ord Street
WEST PERTH WA 6005

The Company and Manager's phone number and facsimile number will remain the same.

3. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



**Greg Madden
Chairman
For and on behalf of
DV01 Mechelle Limited**

DV01 MECHELLE LIMITED
ACN 061 343 959



prospectus

For the offer of Shares to raise \$30 million for investment by the Company. The minimum subscription total is \$5 million. The Company will accept oversubscriptions of up to \$10 million for a total raise of up to \$40 million.

Manager



DV01 Funds Management Pty Ltd | ACN 114 422 758 | AFSL 308697

IMPORTANT INFORMATION: This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Shares offered by this Prospectus should be considered speculative.



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CORPORATE DIRECTORY

Directors

Gregory Madden
Curtis Larson
Craig Hughes
Stephen Robinson

Company Secretary

Tanya Channell

Registered Office

Ground Floor
89 St Georges Terrace
PERTH WA 6000
Telephone: +61 8 9483 5200
Facsimile: +61 8 9483 5222

Manager

DV01 Funds Management Pty Ltd

Head office:

Ground Floor
89 St Georges Terrace
PERTH WA 6000
Telephone: +61 8 9483 5200
Facsimile: +61 8 9483 5222

Sydney office:

Level 3, 88 George Street
The Rocks Sydney NSW 2000
Telephone: +61 2 9241 2983
Facsimile: +61 8 9483 5222
Website: www.dvo1.com

Administrator*

TMF FundAdministrators (Australia) Pty Limited
Level 16, 201 Elizabeth Street
SYDNEY NSW 2000

Auditors

KPMG
235 St Georges Terrace
PERTH WA 6000

Independent Tax Opinion

DLA Piper Australia
201 Elizabeth Street
SYDNEY NSW 2000

Investigating Accountant

KPMG Transaction Services (Australia) Pty Ltd
235 St Georges Terrace
PERTH WA 6000

Prime Broker*

UBS AG, Australia Branch
Level 16 Chifley Tower
2 Chifley Square
SYDNEY NSW 2000

Solicitors to the Company

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Arranger*

Valuestream Investment Management Ltd
Level 34, 50 Bridge Street
SYDNEY NSW 2000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

Investor enquiries should be directed in the first instance to Greg Madden on (08) 9483 5200 or dvo1mechelle@dvo1.com.

Important Notice

This Prospectus is dated 31 May 2011 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is at 5.00pm (WST) on that date which is 13 months after the date of this Prospectus (**Expiry Date**). No securities will be issued on the basis of this Prospectus after the Expiry Date.

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional adviser about its contents.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by the Company in connection with the Offer. Except as required by law and only to the extent required, neither the Company nor any other person guarantees the performance of the Company, the payment of dividends, the repayment of capital or the payment of a return on the Shares offered under this Prospectus.

The Directors currently do not intend to apply for admission of the Company to the official list of the ASX. Accordingly, the Shares will not be quoted on the ASX or any other exchange. The Directors may review their position from time to time.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any of these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares subject of this Prospectus in any jurisdiction

outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

The Offer under this Prospectus will be made pursuant to an arrangement between the Company and Valuestream Investment Management Ltd (**Arranger**) pursuant to Section 911A(2)(b) of the Corporations Act. The Arranger will arrange for the issue of Shares by the Company under this Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

The Manager's function should not be considered as an endorsement of the Offer or a recommendation of the suitability of the Offer for any applicant. The Manager does not guarantee the success or performance of the Company or the returns (if any) to be received by investors. Neither the Manager nor the Arranger is responsible for or caused the issue of this Prospectus. The Company reserves the right to enter into similar agreements to those with the Manager, the Arranger and other Licensees.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of DV01 Funds Management Pty Ltd at www.dvo1.com. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus and Application Form free of charge by contacting the Manager on +61 8 9483 5200.

If you download the electronic Prospectus, please ensure that you have received the entire Prospectus

accompanied by the Application Form. The Shares to which the electronic Prospectus relates will only be issued on receipt of a printed copy of the Application Form.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period to enable this Prospectus to be considered by potential investors. Potential investors should be aware that during the Exposure Period this Prospectus may be examined by ASIC which may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for securities under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

RISKS AND YOUR INVESTMENT DECISION

Applicants should read this Prospectus in its entirety before deciding to apply for Shares. This Prospectus does not take into account any individual's investment objectives, financial situation or any of their particular needs. Applicants should seek independent legal, financial and taxation advice before making a decision whether to invest in the Company.

An investment in the Company has general risks associated with any investment in the share market and specific risks associated with the Company. For further information in relation to risk factors please refer to Sections 1.5 and 4 of the Prospectus. Applicants are urged to consider this section of the Prospectus carefully before deciding to apply for Shares.

GLOSSARY

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary. All references to dollars (\$) or cents refer to the Australian currency unless otherwise stated.

Chairman's Letter

Dear Investor,

On behalf of the Board of Directors, it is with great pleasure that I invite you to become a shareholder of DV01 Mechelle Limited (**Company**).

The Company was incorporated in 1993 as a private investment company to manage a private family portfolio. In 2006 and 2007 the Company raised a further \$8.6m, through wholesale placements, to expand the Company's investments.

The compound annual percentage gains of the Company's After-Tax Net Asset Value, assuming reinvestment of dividends in the Company, for the period starting 30 June 2006 and ending 29 April 2011 has been 13.5% per annum, consistently outstripping its peer group and market index benchmarks (refer to Section 3.4).

The Offer under this Prospectus is the first public offer of Shares in the Company. The Company is seeking to raise \$30m to invest into the Portfolio (after deducting expenses of the Offer and associated management costs).

The Company currently focuses on the Australian mineral and energy sector but will remain flexible to take account of opportunities in other sectors.

The Company's day-to-day affairs and investment activities and strategy are undertaken by DV01 Funds Management Pty Ltd (**the Manager**). The Manager has a broad mandate and can alter the strategies currently employed in order to achieve the Company's investment objective of generating medium to long term positive returns.

Investors will indirectly benefit from the financial success of the Manager through the Company's direct 40% ownership of the Manager (refer to Section 11.8). My family and I are the majority shareholders of the Manager. I am the Manager's managing director. The other directors of the Manager are Curtis Larson, who is also the Chief Investment Officer of the Manager and Craig Hughes, a non-executive director.

The Manager is a related party of the Company. Further details of the relationship between the Company and the Manager are set out in Section 1.2 and Section 3.

With demonstrated success in the Manager's investment philosophy and capacity to execute the stated strategies in historically volatile markets, we believe now is an opportune time to increase the level of funds under management by inviting public investors to participate in this issue.

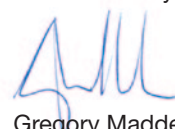
A larger pool of available funds will expand the range and quality of available investment opportunities for the Company and generate economies of scale. The Manager believes that the extreme dislocation we have observed in most financial and commodity markets in the past 3 years provides a greater likelihood of identifying mis-priced assets and securities.

Our recommended investment time frame in the Company is over the medium to long term. The Manager's current investment philosophy is based on a medium term investment horizon reflecting the nature of our investment strategy. For optimal benefits therefore it is important that investors who are considering participating in the Company have expectations that are aligned with this current strategy.

Recognising however that personal circumstances can change and that liquidity is essential for some investors, the Shareholders have approved an equal access buy-back facility which provides Shareholders with equal access to participate in a Share Buy Back offer for up to 12.5% of the issued capital of the Company each calendar quarter (**Quarterly Gate**). Please refer to Section 10.2 for further information. It is the intention of Directors to recommend the renewal of this facility to Shareholders, for their approval, on an annual basis.

On behalf of the Directors of the Company, I urge you to carefully consider the opportunity presented in this Prospectus and look forward to welcoming you as a new Shareholder.

Yours sincerely



Gregory Madden
CHAIRMAN



1.0 - Investment Overview

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

1.1 The Company & Portfolio

DV01 Mechelle Limited is an unlisted investment company with a proven track record in both rising and falling markets, offering medium to long-term capital and dividend appreciation.

The purpose of the Offer is to raise additional funds to be applied primarily towards further investment transactions in the Portfolio in accordance with the investment strategy and objectives summarised below and set out in detail in Section 3 of this Prospectus. A small portion of funds will be retained by the Company for payment of expenses of the Offer and general operating expenses including fees and taxes.

The Portfolio is managed with the objective of generating medium to long term positive returns regardless of traditional benchmarks. The Directors note that past performance is not a reliable indicator of future performance and prospective investors should note that the achievement of this investment objective is not guaranteed.

Key investment highlights include:

- the Company aims to generate medium to long term positive returns regardless of traditional investment benchmarks;
- a variety of investment strategies are utilised predominantly in respect of commodity markets and the minerals and energy sector;
- the Manager of the Company has a wide mandate and can alter the strategies currently employed by the Company to achieve the Company's investment objective;
- a proven performance track record of the Manager;
- a range of risk mitigation techniques, typically available only to wholesale investors, across a number of markets, including but not limited to NYMEX, ASX, LME, LSE, AIM, TSX and SFE;
- monthly third party reporting of After-Tax NAV per Share to Shareholders;

- ownership of 40% of the Manager, with growth in the value of this investment linked to the value of the Manager's assets under management;
- performance fee structure provides the Manager with high incentive to perform and not to simply reconstruct an index.

1.2 Management of the Portfolio

The Company's investments are managed, by the Manager, in accordance with the terms and conditions of the Management Agreement. The Manager is an unlisted proprietary company, which holds an AFSL (AFSL no. 308697) that permits the Manager to act as a wholesale fund manager. The Manager has managed the Company since June 2007.

The Management Agreement sets out the types of investments the Manager is authorised by the Company to make without the prior approval of the Board. In addition, the Manager adopts various risk control features in its investment strategy with the aim of limiting risk. The permitted investments and risk control features are set out in more detail in Sections 3.5 and 3.6 of this Prospectus.

The fees payable by the Company to the Manager are summarised in the table on page 7 and set out in more detail in the material contract summary contained in Section 10.1.

The current ownership of the Manager and proposed ownership of the Manager following the minimum subscription of the Offer being obtained is set out in Section 11.8 of this Prospectus.

The directors of the Manager are Gregory Madden, Curtis Larson and Craig Hughes, all of whom are directors of the Company.

The Manager's key personnel in implementing the investment strategies are Mr Greg Madden and Mr Curtis Larson. The skills and expertise of Mr Greg Madden and Mr Curtis Larson and the other Directors are set out in Section 1.8 of this Prospectus.

1.3 Offer Statistics

Amount to be raised under the Offer*	\$30 million
Minimum Investment per investor **	\$100,000
Shares currently on issue#	7,994,938
After-Tax NAV per Share#	\$1.5579
After-Tax NAV of the Company#	\$12.455 million

* assumes Full Subscription. Oversubscriptions of up to a further \$10m will be accepted.

** issue price will not be known at the time of application.

as at 29 April 2011.

1.4 Application for Shares

Applications for Shares under this Prospectus must be made using an Application Form and unless waived by the Directors, at their absolute and sole discretion, applications for Shares must be for a minimum amount of \$100,000 (**Minimum Investment**), including for any subsequent additional application for Shares. Full details of the application process including payment methods are set out in Section 2.3 of this Prospectus.

In addition, refer to the Investment Details column in the table below for a summary of the key information relating to the Offer and Section 2 for further details.

<p>Investment Objective</p> <p>The Manager has a broad mandate in managing the Company's investments and can alter the strategies currently employed by the Manager in order to meet the Company's investment objective of generating medium to long term positive returns regardless of traditional benchmarks¹.</p>	<p>Investment Details:</p> <p>Type of Investment:</p> <p>Shares in an Unlisted investment company.</p>
<p>Types of Investor</p> <p>The Company is targeted at medium to long term investors seeking a controlled risk exposure with a current predominant weighting to the Australian resources sector.</p> <p>To the extent permitted by law and prudent business practice, the Company intends to pay fully franked dividends at an approximate yield of 2.5% per annum based on the After-Tax NAV per Share as at the last date of the Company's most recent audited financial statements.</p> <p>The Company is most suitable for Australian taxpayers that can make use of the franking credits generated from these strategies.</p> <p>A medium to long term minimum investment period is recommended.</p>	<p>Size of Raising:</p> <p>\$30 Million, subject to</p> <p>\$5 Million minimum with up to \$10 Million of oversubscriptions.</p> <p>Share Issue Price:²</p> <p>The monthly After-Tax NAV per Share calculated by the Administrator plus the Front End Fee, adjusted for equalisation.</p>
<p>Investment Strategy</p> <p>The Manager currently invests in predominantly the listed/unlisted Australian resources stock sector and manages the operational risk on those investments by hedging some of the market risk and commodity exposures in the Portfolio. The Portfolio currently has a Long Bias, with relatively low turnover and a large weighting to the Australian resources sector, due to the size and scope of this industry in Australia. A variety of investment strategies are utilised, as detailed in Section 3.7. The Manager can also change strategies to take account of opportunities in other sectors.</p> <p>The Manager currently focuses on 4 strategies for the Company⁶:</p> <p>1. Event Driven - The use of its strong local network base, including resource company boards and executives, analysts, brokers and corporate advisors in the mining industry, to provide the Company with special opportunities to be an early investor as well as giving the Company access to greenfield and brownfield resource projects at the pre-IPO stage, rights issues, private placements and private equity opportunities.</p> <p>2. Commodity/Capital Market Risk Arbitrage – When a commodity producer trades at much lower earnings multiples than the broader market, the Manager can arrange hedges against a decline in commodity prices and maintain overweight equity investments in our favoured producers.</p> <p>3. Long/Short equity strategy - This strategy starts from a bottom-up analysis of non-balance sheet operational data and allows the Manager to take advantage of relative mis-pricings without significantly increasing market exposure.</p> <p>4. Discretionary Futures Overlay - The Manager can arrange hedges against overall market declines by selling futures on equity indices to protect the overall capital of the Company in a retreating market.</p>	<p>Dividend objective:³</p> <p>2.5% p.a.</p> <p>Front End Fee:⁴</p> <p>3.5% of the application monies payable to an introducing AFSL holder.</p> <p>Manager's Fees:⁵</p> <p>1% p.a. of the Pre-Tax NAV (calculated monthly) and</p> <p>20% performance fee on the increase in the Pre-Tax NAV of each Share for a calendar quarter above the 3-year Pre-Tax NAV High Water Mark of that Share.</p> <p>Administrator's Valuations:</p> <p>Monthly Third Party Statement.</p> <p>Buy Back Facility</p> <p>The Shareholders have approved an equal access buy-back facility. This buy-back facility is limited to 12.5% of issued capital of the Company per calendar quarter and requires annual re-approval of Shareholders. Refer to Section 10.2.</p>

¹ The aim to generate these returns is based on the past performance of the Company (see section 3.4 and section 5). Past performance is not a reliable indicator of future performance and prospective investors should note that achievement of this investment objective is not guaranteed

² Refer to Sections 2.2 and 2.4 for a full explanation of how the issue price will be calculated.

³ Refer to Section 3.8 for further details

⁴ Refer to Section 2.10. for further details

⁵ Exclusive of GST. Refer to Section 10.1.

⁶ Refer to Section 3.7 for full details of the investment strategies together with case study examples

1.5 Key risks

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

The Directors have identified the following key risks associated with the Company and its operations. For further information in relation to the risk factors of the Company please refer to Section 4 of this Prospectus.

The risk factors set out in Section 4 of this Prospectus, and other general risks applicable to investments in securities not specifically referred to, may affect the value of the Shares in the future and the ability of an investor to obtain a return on an investment in the Company. Accordingly, an investment in the Company should be considered speculative.

Risk area	Risks
Leverage	The Company can use leverage to increase the assets it has available for investment by using borrowings, short sales, derivatives or similar transactions. Leverage can magnify both the gains and losses on the Company's investment and can cause the loss of capital if there are adverse market movements.
Credit Risk	The Company generates leverage by transferring, to a Clearing Broker, security title to certain investment securities, cash or other assets (Collateral) of the Company. The Clearing Broker is entitled to sell, lend or otherwise use some of the Collateral for their own purposes, subject to an obligation to return equivalent securities or cash value. Some of this Collateral is not segregated from the Clearing Broker's own property and may be available to third party creditors of the Clearing Broker in the event of the insolvency of the Clearing Broker. In these circumstances, the Company may become an unsecured creditor with respect to such assets and may not be able to recover its investment.
Refinancing Risk	<p>In addition to providing a source of leverage, the Company relies on Clearing Brokers to provide clearing services for the assets of the Company including documents of title or certificates evidencing title to investments, held on the books of a Clearing Broker as part of its clearing function. These services are governed by clearing agreements.</p> <p>Importantly these clearing agreements give the Clearing Broker the right to: 1) raise or lower Collateral requirements without the advance notice to the Company, and a failure to meet those additional Collateral requirements can result in a termination of the agreements; 2) to terminate the clearing agreement with short notice (1 month or less) regardless of the liquidity position of the Company; and 3) impose financial covenants and reporting requirements on the Company and the Manager which if breached, can result in a termination of the agreement.</p> <p>In the event of termination there is a risk the Company may not be able to arrange alternative services in time and some assets may have to be sold to discharge the security held by the Clearing Broker.</p> <p>The Manager factors in the risk of these agreements being terminated when it undertakes liquidity analysis of its investment activities for the Company in order to minimise the impact on the Company's net asset value.</p>
Key Personnel Risk	The Company is highly reliant on the Manager's officers and employees, in particular the skills and expertise of Mr Greg Madden and Mr Curtis Larson. The loss of services of any key personnel of the Manager could materially and negatively impact on the Company.
Liquidity	The Company intends to remain an unlisted company. This means that there may be no ability to sell the Company's Shares in a secondary market once issued.
Buy-Back Facility	It is the intention of Directors (subject to annual Shareholder and regulatory approvals) to continue recommending a quarterly equal access buy-back facility be established annually, so that Shareholders wanting to redeem their Shares can request the Company to buy back their Shares. The buy-back of Shares under the buy-back facility is currently capped at a maximum of 12.5% of the issued capital of the Company each calendar quarter (Quarterly Gate). In the event Shareholder approval is not obtained the buy-back facility will not be available and Shareholders will not be able to redeem their Shares in this manner. The Directors have no reason to believe that Shareholder approval will not be obtained.
Lack of Independence	<p>The majority of the Company's Directors are also directors of the Manager. As such, there may be circumstances where there is a conflict of interest between the Board and the Manager, and no quorum of Directors to resolve a matter. Such conflicts of interests may include, but are not limited to, breaches by the Manager of its mandate or requests by the Manager to make related party investments.</p> <p>Where there is no quorum to consider the matter, the Board will need to seek Shareholder approval to resolve the matter, which may be onerous from a cost perspective and may delay or prohibit the investment intentions of the Manager regardless of the best outcome for Shareholders.</p>
Unrealised returns and past performance	Whilst this Prospectus provides information as to the returns made over the previous years, investors should note that these returns include realised and unrealised returns and also that past performance is no guarantee of future returns.

1.6 Financial information

The following table summarises some of the key financial information of the Company for the financial years ending 30 June 2006 to 30 June 2010 and the half year ending 31 December 2010.

	Dec-10	Jun-10	Jun-09	Jun-08	Jun-07	Jun-06
NOTE 1: Dividends paid per share	\$0.016000	\$0.036260	\$0.036258	\$0.036258	\$0.025000	
NOTE 1: Dividend yield	1.1025%	2.5902%	3.0541%	2.7327%	2.2349%	
NOTE 2: Financial Indebtedness	\$1,300,915	\$5,258,189	\$610,403	-	\$213,083	\$2,142,001
NOTE 2: Leverage ratio	126.21%	164.69%	84.48%	92.66%	126.02%	329.49%
NOTE 3: After-Tax NAV	\$13,303,364	\$10,737,806	\$9,976,695	\$11,016,220	\$5,127,570	\$1,075,695
NOTE 3: After-Tax NAV per share	\$1.6639	\$1.3429	\$1.2475	\$1.3775	\$1.2819	\$0.9141
NOTE 4: 1 year Pre-Tax return	22.5%	15.7%	-8.6%	14.8%	44.3%	
NOTE 4: 1 year After-Tax return	16.3%	11.1%	-7.2%	10.5%	37.0%	



Note 1: The dividend yield is calculated based on the average monthly Share price for the period as detailed in Section 3.8 of this Prospectus. The yield for December 2010 is for the half year ending 31 December 2010.

Note 2: Financial Indebtedness and Leverage Ratio as defined in the Glossary are derived from the audited financial statements for the years ending 30 June 2006 through to 30 June 2010 and the reviewed financial statement for the half-year ending 31 December 2010 as published on the Company's website and set out in Section 6.2 of this Prospectus.

Note 3: The After-Tax NAV and After-Tax NAV per Share are derived from the audited financial statements for the years ending 30 June 2006 through to 30 June 2010 and the reviewed financial statement for the half-year ending 31 December 2010 as published on the Company's website and set out in Section 6.2 of this Prospectus.

Note 4: The Pre-Tax and After-Tax returns are sourced from the month-end reports produced by the Company's administrator TMF FundAdministration (Australia) Pty Limited which are also internally reviewed and verified by the Manager. Further details on the monthly historical performance of the Company are set out in Section 5 of this Prospectus.

Historical and Pro Forma Financial Information of the Company is set out in Section 6 of this Prospectus.

The Pro Forma Historical Financial Information comprises the summary historical pro forma balance sheet of the Company as at 31 December 2010.

KPMG Transaction Services (Australia) Pty Limited has prepared the Investigating Accountant's Report in respect of the Pro Forma Historical Financial Information. A copy of this report is set out in Section 7.

1.7 Taxation Implications

Section 8 contains an Independent Tax Opinion that provides an overview of potential taxation implications which might apply to different types of potential investors investing in the Shares of the Company. The Company, its advisers and its Directors and officers do not accept any responsibility or liability for any taxation consequences. Investors should also consult their own professional tax advisers in connection with any investment in the Company.



1.8 Directors & Key Personnel

Mr Gregory Madden **Non-executive Chairman**

BEd, MAppFin, FFin

Greg has a Bachelor of Economics Degree from the University of Western Australia, a Graduate Diploma from the Securities Institute of Australia (now Financial Services Institute of Australasia (FINSIA)), and a Master of Applied Finance from Macquarie University in Sydney, where he won the 2003 prize for Applied Portfolio Management.

With over 20 years of finance and investment experience, Greg has worked for extended periods in the financial centres of London, New York, Sydney and Melbourne. Since his return to Perth at the end of 2004, Greg has been running the Company.

Greg's finance career began in Perth in 1988 with various roles in corporate finance, trade finance, foreign exchange and commodity dealing and advisory. In 1995, Greg joined Credit Suisse, Melbourne to establish commodity hedging and mine finance facilities, securing a large number of Australia's top 50 gold producers as clients, before joining Commonwealth Bank, Sydney as Global Head of Precious Metals and Commodities. Recruited back to the Credit Suisse Group (1998) as Vice President responsible for commodities derivative marketing in New York, Greg was promoted to Director in 2000 and was subsequently placed in charge of the bank's Precious Metals desk for North & South America.

Immediately prior to returning to Perth, Greg was based in London as Country Head of Africa for the international investment bank Credit Suisse (then Credit Suisse First Boston). Greg had moved to London in 2003 where he was initially responsible for credit derivative structuring for Eastern Europe, the Middle East and African customers. Prior to 2003, Greg worked in New York where he was focused on structured finance and credit products for the Latin America market.

Greg was appointed as a director of the Company on 16 July 2002.

Mr Curtis Larson **Non-executive Director**

BSc, MBA

Curtis has an MBA from Yale University in the USA and a Bachelor of Science in Computer Engineering from the University of Alberta in Canada. Curtis has over 17 years of international investment banking experience, working in the financial centres of London, Tokyo, Paris and Sydney.

Curtis started his career as a quantitative analyst for Dresdner Bank in Sydney and Paris before moving onto the trading side in 1996, managing first the foreign currency option book then the precious metals book. In 1998, Curtis moved to Tokyo to join Credit Suisse Financial Products (now Credit Suisse), running the global precious metals book in the Asian time zone before moving to London in 2000 to take overall charge of the global precious metals book. Curtis then started up Credit Suisse's credit hedging desk for the interest-rate products group. In 2003, Curtis returned to Sydney, joining Mitsui Precious Metals, trading Australian dollar and Japanese Yen denominated gold options. In 2004 he moved to ABN Amro where he co-headed the global precious metals trading desk.

Curtis was appointed as a director of the Company on 5 August 2010.

Mr Craig Hughes **Non-executive Director**

MAppFin

Craig holds a Masters Degree in Applied Finance from the Macquarie University in Sydney.

Craig currently manages the foreign exchange and jet fuel exposures for an ASX 200 listed company and has been extensively involved in cash flow forecasting, debt and liquidity management. Prior to this he worked for Oakvale Capital, a financial risk management consulting and treasury outsourcing firm, and also as a foreign exchange dealer for the National Australia Bank.

Craig was appointed as a director of the Company on 14 May 2007.



Mr Stephen Robinson
Non-executive Director

BSc

Steve is a Rhodes Scholar, business strategist and financial economist with over 20 years experience across the agribusiness and mining industries. Currently Steve is a Director of Lincoln Capital Pty Ltd, a corporate advisory firm providing services predominantly to the mining sector and a non-executive director of Bulletin Resources Limited.

Over the past 3 years Steve has gained significant experience in the structuring and managing of listings on the ASX. Prior to forming Lincoln Capital Pty Ltd, Steve Robinson held a variety of senior management roles in large corporations including Director Business Development and Strategy at Barrick (Australia Pacific) Limited (formerly Barrick Gold of Australia Limited), Group Manager Planning at Iluka Resources Limited, Treasurer and Financial Consultant at Minara Resources Limited (formerly Anaconda Nickel Limited) and Planning Manager at WMC Resources Limited (Gold business) (now known as BHP Billiton Nickel West Pty Ltd). Steve was appointed as a director of the Company on 28 August 2009.

1.9 Interests of Directors

Shareholdings

Directors are not required under the Company’s Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests, including their beneficial interests, in the Shares as set out in the table below:

Director	Shares held in the Company	Percentage
Gregory Madden	1,821,825	22.79%
Curtis Larson	136,932	1.71%
Craig Hughes	83,983	1.05%
Stephen Robinson	33,983	0.43%

Each of the Directors and/or a related entity that directly holds the Shares on behalf of the Directors may apply for Shares under this Prospectus.

Other interests

Stephen Robinson is the sole director of Lincoln Capital Pty Ltd (**Lincoln Capital**), which entered into an agreement with the Company on 4 February 2011 for the provision of project management and document preparation services in regards to this Prospectus and was paid a fee of \$15,000 for services in regards to this agreement.

Lincoln Capital was an authorised representative of the Manager from 13 August 2007 until 30 September 2009.

Remuneration

The Company’s Constitution provides that the remuneration of the Directors will be the amount determined from time to time by the Company in a general meeting. The current aggregate remuneration payable to the Directors has been set at an amount not to exceed \$25,000 each per annum (including statutory superannuation). Stephen Robinson and Craig Hughes are the only Directors currently being remunerated by the Company.

In addition, the Directors are entitled to be paid all travelling, accommodation and other expenses properly incurred by them in attending and returning from meetings of Directors or general meetings or otherwise in the execution of their duties as Directors. A Director may also be paid additional amounts as fees where a Director performs extra services or makes any special exertions for or at the request of the Company that are beyond the ordinary duties of a Director.

Deeds of Indemnity, Insurance and Access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting in the capacity as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the Directors and must also allow the Directors to inspect Company documents in certain circumstances.

2.0 - Details of the Offer

2.1 Indicative Timetable

Lodgement of Prospectus with the ASIC	31 May 2011
Opening Date	8 June 2011
End of Initial Offer Period*	5.00pm (WST) on 29 July 2011
Expiry Date of the Prospectus	30 June 2012

* Or, 5.00pm (WST) on 29 June 2011 in the event the Minimum Subscription is achieved prior to 30 June 2011. The Company reserves the right, subject to the Corporations Act and other applicable laws, to vary the dates of the Offer without notifying you. Investors are encouraged to submit their Application Form as soon as possible. The Offer does not require Shareholder approval.

2.2 The Offer

By this Prospectus, the Company offers Shares to raise \$30 million (Full Subscription). The Minimum Subscription is \$5 million. The Company will accept Oversubscriptions of up to \$10 million for a total raising of up to \$40 million.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

The number of Shares that will be issued to an Applicant will be determined as at the last Business Day of the month in which the relevant Application Form for the Shares is accepted by the Company (or 5.00pm (WST) on 29 July 2011 for the Initial Offer Period, or 5.00pm (WST) on 29 June 2011 in the event the Minimum Subscription is achieved prior to 30 June 2011) in accordance with the following formula:

$$\text{Number of Shares} = \frac{\text{Application Money} - \text{Equalisation Adjustment (if any)}}{\text{After-Tax NAV per Share} \times 103.5\%}$$

The number of Shares issued will be rounded to the nearest whole Share.

All prices will be calculated to four decimal places. As the issue price will not be known by the Applicant at the time of application, all applications are to be made for a dollar amount rather than for a number of Shares.

So that existing Shareholders do not continually bear the transaction costs resulting from the application for Shares that are made under this Prospectus, the issue price per Share paid by applicants includes a 3.5% premium to the After-Tax NAV per Share. This premium equals the Front End Fee (**Front End Fee**) that will be paid by the Company to the Manager, who will on-pay the full fee (exclusive of GST) to any introducing Australian Financial Services Licensee who refers a new shareholder to the Company (refer to Section 2.10). In no circumstances will the Company or the Manager retain the Front End Fee.

Equalisation Adjustment is a method used to fairly allocate the effect of the Manager's Performance Fees across Shareholders in the Company due to inequities in attribution caused when new Shareholders subscribe for Shares at different periods of time and price. Refer to Section 2.4 below.

2.3 Applications and Minimum Investment

Applications for Shares under this Prospectus must be made using an Application Form.

Unless waived by the Directors, at their absolute and sole discretion, applications for Shares must be for a minimum amount of \$100,000 (**Minimum Investment**), including for any subsequent additional application for Shares.

The original completed Application Form and the accompanying payment or proof of payment, as the context requires, must be mailed or delivered to the address set out on the Application Form.

Payment for the Shares must be by cheque or electronic funds transfer in the manner set out in the Application Form.

Cheques accompanying applications must be received no later than 5.00pm (WST) on the second last Business Day of each month (or 5.00pm (WST) on 28 July 2011 for the Initial Offer Period, or 5.00pm (WST) on 29 June 2011 in the



event the Minimum Subscription is achieved prior to 30 June 2011). Cheques should be drawn on the name of the subscriber(s) and third party cheques will not be accepted.

Cleared electronic funds transferred into the Company's applications account must be received no later than midday (WST) on the last Business Day of each month (or midday on 29 July 2011 for the Initial Offer Period, or 5.00pm (WST) on 29 June 2011 in the event the Minimum Subscription is achieved prior to 30 June 2011). Funds must be transferred from a bank account in the name of the subscriber(s) and proof of payment should be faxed or emailed to the Manager on +61 8 9483 5222 or dvo1mechelle@dvo1.com.

For either payment method the Application Form must also be received by the Manager no later than 5.00pm (WST) on the second last Business Day of each month (or 5.00pm (WST) on 28 July 2011 for the Initial Offer Period, or 5.00pm (WST) on 29 June 2011 in the event the Minimum Subscription is achieved prior to 30 June 2011).

Applications and cleared funds received by these cut off times will be processed with reference to the After-Tax NAV per Share for the month in which the application was accepted by the Company and if after these cut off times in the following month.

Early applications are recommended to ensure the deadlines are met.

The Company reserves the right to close the Offer early.

2.4 Equalisation Adjustment

Equalisation is a method used to fairly allocate the effect of the Manager's Performance Fees across Shareholders in the Company due to inequities in attribution caused when new Shareholders subscribe for Shares at different periods of time and price.

Equalisation has two important roles:

- it allows the Manager to separately charge new Shareholders for performance of which they are the beneficiaries when existing Shareholders have made a prior investment and paid performance fees at a higher level; and
- it makes sure that no Shareholder is given unfair or preferential treatment by paying for a greater share of the Company's performance fees than is equitable.

The Board has determined that the Equalisation Credit and Depreciation Deposit approach is the most suitable method of equalisation for the Company. The Company's approach to equalisation allows it to firstly equalise all Shareholder performance fees, and secondly quote a single set of net asset values (NAV's, both Pre-Tax and After-Tax) per Share for all Shareholders.

The calculation of the number of Shares to be allotted and issued pursuant to applications under the Offer will be subject to an Equalisation Adjustment which will be either a Depreciation Deposit or an Equalisation Credit:

a. Depreciation Deposit

When an investor subscribes for Shares in the Company and the Pre-Tax NAV is below the Pre-Tax NAV High Water Mark (**Pre-Tax NAV HWM**), the investor's subscription amount is reduced by a Depreciation Deposit which represents the performance fees payable on the investor's investment if the Pre-Tax NAV appreciated to the Pre-Tax NAV HWM subsequent to the new investor's investment in the Company.

The Depreciation Deposit will be equal to:

$$(1 - \text{Tax Rate}) \times (\text{Subscription Amount} \times R_b \times 20\%)$$

Where R_b is the percentage that the Pre-Tax NAV HWM is above the Pre-Tax NAV calculated as follows:

$$R_b = (\text{Pre-Tax NAV HWM} / \text{Pre-Tax NAV}) - 1$$

And where the Tax Rate is the current statutory corporate tax rate and Subscription Amount is the total dollar amount that the new investor subscribes for.

The Depreciation Deposit is issued concurrently with the issue of the relevant Shares, and is a liability owed by the Company to the new Shareholder. It is lodged at risk with the Company and therefore will change in value with the Company's performance. The Depreciation Deposit has a floating value, which will increase or decrease inversely with the performance of the Company. The Depreciation Deposit decreases in value towards zero on a pro-rata basis with an increase in the Pre-Tax NAV towards the Pre-Tax NAV HWM.

The Depreciation Deposit can never increase in value in excess of its initial value, the Maximum Depreciation Deposit. If performance fees are due at the end of a Performance Calculation Period, then the Maximum Depreciation Deposit and the Depreciation Deposit will be reduced in value to reflect the fees paid. The Depreciation Deposit cannot increase in value above this subsequently reduced Maximum Depreciation Deposit. The Maximum Depreciation Deposit will be reduced in full (to zero) if the Pre-Tax NAV of the Company returns to the High Water Mark at the end of a performance calculation period.

The Depreciation Deposit is convertible into additional Shares in the Company under certain circumstances (**Depreciation Deposit Crystallisation**). Depreciation Deposit Crystallisation occurs when fees are payable by the Shareholder at the end of a Performance Calculation Period. As the Shareholder's Depreciation Deposit is exposed to the performance of the Company, the value of that Depreciation Deposit will exceed the Maximum Depreciation Deposit when fees are payable, due to the growth in the Company. At that point, the excess in value of the Depreciation Deposit over the new Maximum Depreciation Deposit (after reduction for fees payable as above) will be applied to the issue of bonus Shares for the Shareholder at the prevailing After-Tax NAV per Share. Additional bonus Shares will be issued on increases in the Pre-Tax NAV after fees are paid, at the end of subsequent Performance Calculation Periods until the Maximum Depreciation Deposit and the Depreciation Deposit have been reduced to zero.

Depreciation Deposit Example

1. An investor subscribes for \$100,000 of Shares in the Company at an After-Tax NAV per Share of \$91, a Pre-Tax NAV per Share of \$100 and High Water Mark per Share of \$120; Rb is 20% [$120/100-1$]
2. A Depreciation Deposit is calculated as \$2,800; $(1-30\%) \times \$100,000 \times 20\% \times 20\%$
3. The dollar amount of Shares issued is \$97,200; $(\$100,000 - \$2,800)$
4. 1,068 Shares (rounded to the closest whole Share) are issued for \$97,200; $[\$100,000 - \$2,800] / \$91$
5. An initial Depreciation Deposit of \$2,800 is exposed to the Pre-Tax performance of the Company allocated against future performance fees.

b. Equalisation Credit

When an investor subscribes for new Shares in the Company during a period that is not at the end of a Performance Calculation Period, and the Pre-Tax NAV is above the Pre-Tax NAV HWM, the investor's subscription amount is reduced by an Equalisation Credit. The new shareholder receives the Equalisation Credit as compensation for investing in the Company prior to deduction for performance fees at the end of the Performance Calculation Period.

The Equalisation Credit will be calculated as follows:

$$(1 - \text{Tax Rate}) \times (\text{Subscription Amount} \times R_a \times 20\%) / (1 + R_a)$$

Where R_a is the percentage that the Pre-Tax GAV is above the Pre-Tax NAV HWM calculated as follows:

$$R_a = (\text{Pre-Tax GAV} / \text{Pre-Tax NAV HWM}) - 1$$



The Equalisation Credit is payable to account for the fact that the new investors subscription amount has been reduced to reflect an accrued Performance Fee to be borne by existing Shareholders. It serves as a credit against Performance Fees that might otherwise be payable by the Company, but that should not, in equity, be charged against the new shareholder since no favorable performance has yet occurred for the new Shareholder. The Equalisation Credit is convertible into additional Shares in the Company under certain circumstances (Equalisation Credit Crystallisation) as described below. The Equalisation Credit has a floating value, which will increase or decrease pro-rata with the performance of the Company.

The Equalisation Credit decreases in value to zero pro-rata with the decrease in the Pre-Tax GAV to the Pre-Tax NAV HWM. Any subsequent appreciation in the Pre-Tax GAV will result in the recapture of any previous reduction in the Equalisation Credit due to negative performance, but the Equalisation Credit can never increase in value in excess of the Maximum Equalisation Credit, set initially at the starting Equalisation Credit value and subsequently reduced (if any) as a result of Equalisation Credit Crystallisation.

Equalisation Credit Crystallisation occurs with reference to the then Pre-Tax GAV, on the last business day at the end of each Performance Calculation Period. If the Pre-Tax GAV is above the Pre-Tax NAV HWM at this time (i.e. a performance fee is paid), the pro-rata portion of the Equalisation Credit will be applied to the issue of bonus Shares for the Shareholder at the prevailing After-Tax NAV per share. The Maximum Equalisation Credit will be reduced by the amount applied to the issue of bonus Shares. Additional bonus Shares will continue to be issued at the end of each subsequent Performance Calculation Period in the same manner until the Maximum Equalisation Credit has been fully applied to the issue of bonus Shares to the Shareholder.

Equalisation Credit Example

An investor subscribes for \$100,000 of Shares in the Company at an After-Tax NAV per Share of \$111.20 with Pre-Tax GAV per Share of \$120 and the Pre-Tax High Water Mark per Share of \$100; Ra is 20% [$120/100-1$]
An Equalisation Credit is calculated as \$2,333.33; $(1-30\%) \times (\$100,000 \times 20\% \times 20\%)/(1+20\%)$
The dollar amount of Shares issued is \$97,666.67 ($\$100,000 - \$2,333.33$).
878 Shares (rounded to the closest whole Share) are issued for \$97,666.67; $[\$100,000 - \$2,333.33] / \$111.20$
Equalisation Credit of \$2,333.33 lodged at risk with the Company.

A copy of the Equalisation Policy of the Company, including all the relevant formulae and calculations, can be downloaded from the Company website, or a hard copy can be requested from the Manager.

2.5 Minimum Subscription and Oversubscriptions

The Minimum Subscription to be raised pursuant to the Offer is \$5,000,000.

If the minimum subscription has not been raised within four (4) months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act (which provides for subscribers to be given the right to withdraw their application or the Company electing not to issue any Shares and repaying all application monies for the Shares).

The Company is seeking to raise up to \$30,000,000 pursuant to this Prospectus. Oversubscriptions to raise up to a further \$10,000,000 may be accepted.

2.6 Allotment

No allotment of Shares for applications will be made until the Minimum Subscription has been received. Allotment of Shares will generally take place within fifteen (15) days of each NAV Announcement Date in the month following the month in which the Application Form and payment of application monies was accepted by the Company.

Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

The Directors reserve the right to allot Shares based on the full dollar amount applied for or to allot Shares based on a dollar amount less than that applied for or to decline any application. Where the number of Shares allotted is based on a dollar amount less than that applied for, or where no allotment is made, the surplus application monies will be returned either by cheque or by electronic funds transfer without interest to the applicant within fifteen (15) days of the Allotment Date.

Confirmations will be sent to investors as soon as practicable after the Allotment Date. Confirmations will set out the details of the number of Shares that have been allotted to the investor.

2.7 No ASX Listing

The Directors currently do not intend to apply for admission of the Company to the official list of the ASX. Accordingly, the Shares will not be quoted on the ASX or any other securities exchange.

2.8 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

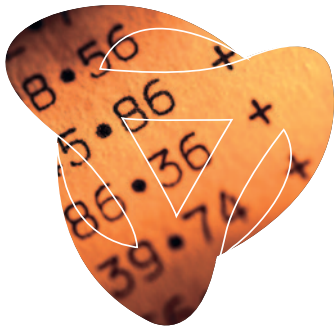
2.9 No Underwriter

The Offer is not underwritten.

2.10 Front End Fee on Applications

The Company will pay a Front End Fee of 3.5% (exclusive of goods and services tax) of amounts subscribed to the Manager in its role as lead manager of the Offer. The Manager will on pay that same commission to any Australian financial services licensee introducing a valid application lodged and accepted by the Company and bearing the stamp of the Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the Australian financial services licensee.

The Manager will refund 100% of the Front End Fee on applications made direct to the Manager.



2.11 Privacy Statement

If you complete an Application Form, you will be providing personal information to the Manager and the Company. The Manager, on behalf of the Company, collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

As well as internally using your personal details, we may disclose it to other persons to enable us to provide services to you or where required by law. Such people include:

- third parties we appoint as advisers, agents or service providers such as investment managers, auditors, prime brokers, custodians, administrators or legal advisers or any of their affiliates;
- third parties you authorise to act on your behalf in relation to your investment such as your investment consultant, financial adviser, broker or solicitor or any of their affiliates; and
- the Manager is a reporting entity to the Australian Transaction Reports and Analysis Centre, the Australian regulator enforcing laws about the prevention of money laundering and financing of terrorism, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and associated regulations (AML/CTF laws), and accordingly will retain shareholder identification documents and transaction records as required under the AML/CTF laws.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies, the Australian Taxation Office, securities brokers, print service providers, and mail houses.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Manager at the contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended) and the Corporations Act. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

2.12 Enquiries

Investors with questions on how to complete the Application Form or who require additional copies of the Prospectus can contact the Manager on +61 8 9483 5200. Alternatively, an electronic copy of this Prospectus can be downloaded from the Manager's website at www.dvo1.com.

3.0 - Company and Manager Overview

3.1 Background

The Company was incorporated on 17 September 1993 as Mechelle Securities Pty Ltd as a private investment company to manage the private portfolio of the Greg Madden family. On 21 May 2007 the Company changed its name to DV01 Mechelle Pty Ltd and, following Shareholder approval, converted its status to a public company, DV01 Mechelle Limited on 15 October 2009.

In December 2006, the Company issued shares to a small group of sophisticated investors to raise approximately \$2,800,000 pursuant to an information memorandum dated 31 August 2006, raising the After-Tax Net Asset Value of the Company at that time to \$4,000,000.

On 20 April 2007, the Manager, which is 40% owned by the Company, was granted an Australian financial services licence (AFSL 308697) for the purpose of managing the investments of the Company. An additional \$5,800,000 was raised in November 2007 pursuant to an information memorandum, raising the After-Tax Net Asset Value of the Company at that time to approximately \$11,000,000.

3.2 Capital Structure and Valuation

As at the date of this Prospectus the Company has 7,994,938 Shares on issue. No other Shares or other securities have been issued by the Company as at the date of this Prospectus.

The number of Shares on issue during the term of the Offer pursuant to this Prospectus will change following the Initial Offer Period and subsequently from month to month based on the number of Shares issued by the Company in that period and also as a result of any quarterly buy back of Shares pursuant to the Buy Back Facility.

As at 29 April 2011, the After-Tax Net Asset Value of the Company was \$12.455mn, which equates to an After-Tax NAV per Share of \$1.5579 based on the monthly accounts of the Company at that date as calculated by the Administrator.

In relation to the Offer, on the basis the Minimum Subscription of \$5,000,000 was raised, the After-Tax NAV per Share for 29 April 2011 of \$1.5579 was applied to the issue price formula in Section 2.1 and an investor made an application for \$100,000 under the Offer, the investor would receive 60,552 Shares. Therefore, if the Minimum Subscription was raised, the investor would own 0.549% of the Company.

The value of the Company is calculated by the Administrator, on a month to month basis, in accordance with the Valuation Policy which is detailed in section 6.8.



3.3 Company Performance versus Traditional Equity Benchmarks

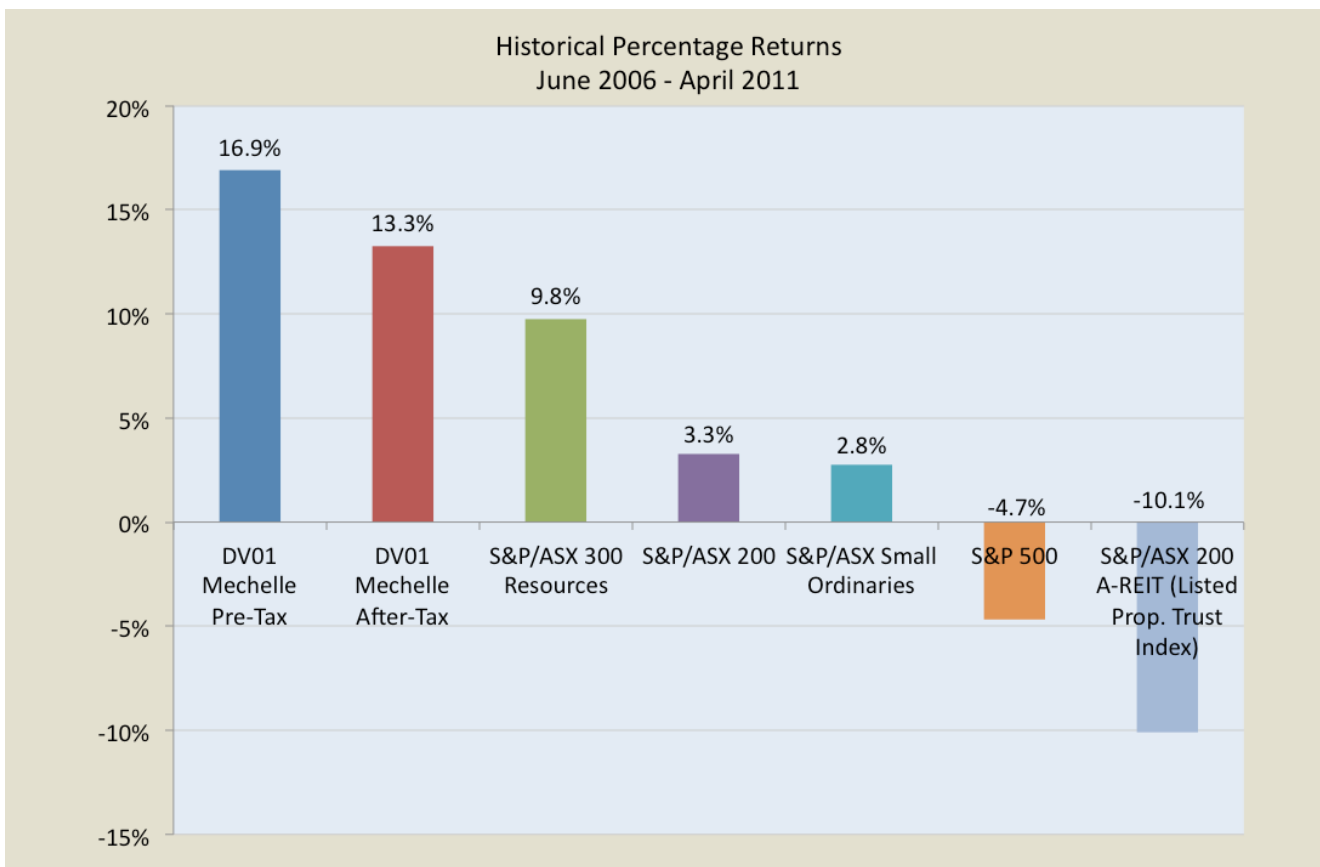
The performance of a traditionally managed equity fund is typically benchmarked against an equity index such as the S&P/ASX 200 Index or other similar broad based equity index and has the investment objective of outperforming that benchmark. This means that in times when equity markets are falling in price these traditionally managed equity funds can still achieve their investment objective by restricting losses to less than the losses incurred in the benchmark equity index return, even though they have delivered a negative return (loss) to their investors.

In comparison, the Company's Management Agreement does not include such traditional equity benchmarks. The Manager has an aim to generate positive returns over the medium to long term regardless of market conditions.

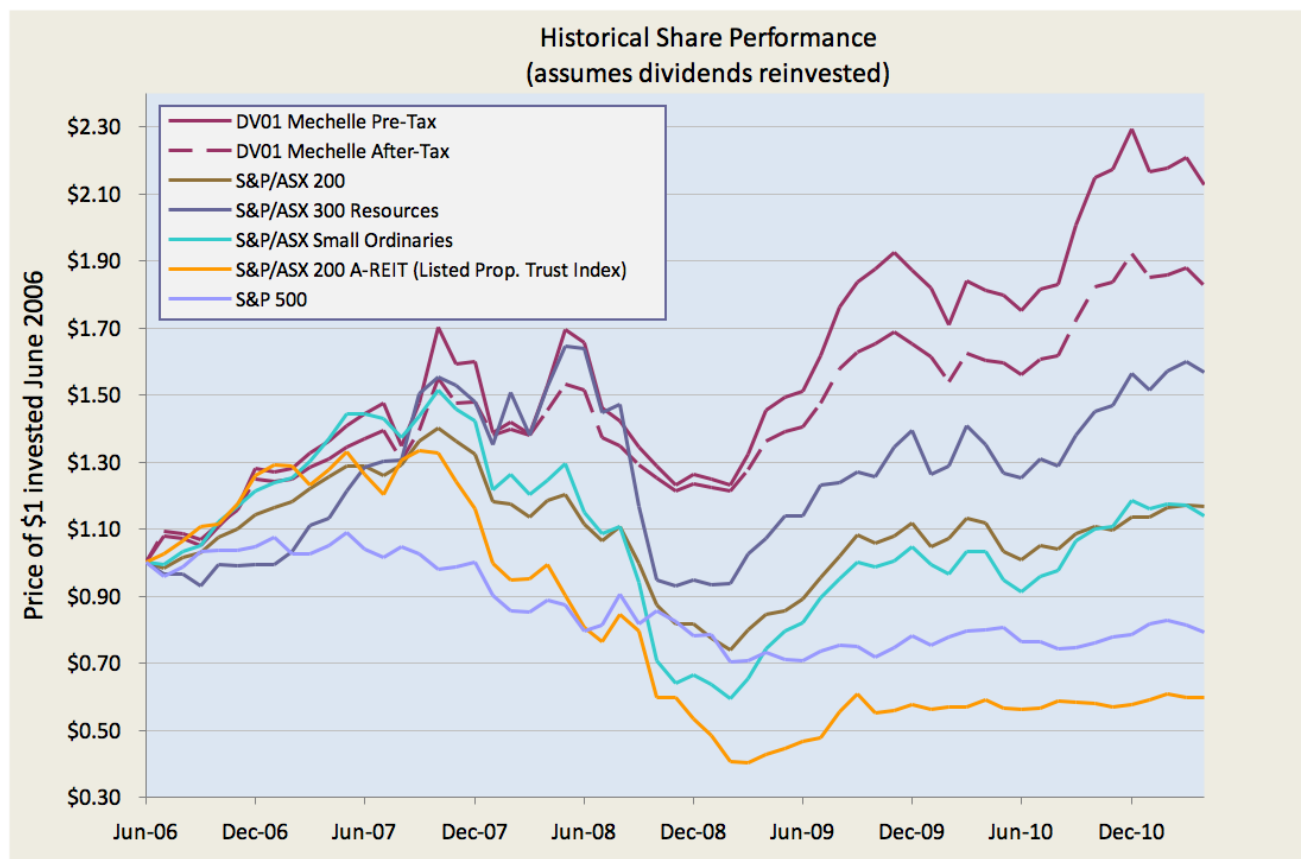
3.4 Historical Returns

The following charts summarize the Company's performance from 30 June 2006 to 29 April 2011 on a total return basis, (which assumes that dividends paid by the Company are reinvested into the Company), and also compared with key market indices in Australia that the Company views as traditional equity benchmarks (also calculated on a total return basis).

The Manager's investment strategy has yielded an average annual return of 16.9% (pre-tax) measured for the period 30 June 2006 to 29 April 2011. The Company's performance is a higher average annual return for this period than the relevant financial market indices in Australia as shown in the chart below.



Based on the Company's historical returns to date, \$1.00 invested with the Company at 30 June 2006 (assuming all fully franked dividends were reinvested in the Company) was worth \$1.82 as at 29 April 2011, higher than a notional dollar invested in the indices referred to in the chart above.



The Company's performance (shown in red in the above chart) demonstrates the results of its investment strategies. In times of severe downturns such as those experienced in financial years 2008 and 2009, the Company's returns were cushioned relative to the market indices quoted. In times of relative market buoyancy such as 2006 and 2007, the Company's returns show the benefits of leverage through amplified returns compared to the peaks and troughs of the market cycle.

The strategies employed by the Manager have tended to smooth out returns so that the volatility exhibited for example by the S&P/ASX 300 Resources Index and the S&P/ASX Small Ordinaries Index is reduced along with peak highs and lows. Since 30 June 2006, the Company has recorded a historical volatility of 14.20% while the S&P/ASX 200, the least volatile of the Australian dollar denominated comparable traditional equity benchmarks shown in the graph above, has recorded a higher volatility of 16.20%. Note that this historical volatility measures the degree of fluctuation of a share price or index, from month to month.



3.5 Permitted Investments

Under the Management Agreement, the Manager is permitted to make investment transactions on behalf of the Company without the prior approval of the Board. However, if in the reasonable opinion of the Manager, the proposed investment is not in accordance with the guidelines for investment management of the Portfolio as set out in the Management Agreement or any other guidelines issued by the Company from time to time, the written approval of the Board is required prior to making the investment.

The Manager may invest in the following types of investments on behalf of the Company:

- a. securities, derivatives (including fully deliverable commodity or real property derivatives) and foreign exchange (including foreign exchange contracts that are settled immediately);
- b. rights to subscribe for or convert to securities, derivatives (including fully deliverable commodity or real property derivatives) and foreign exchange (including foreign exchange contracts that are settled immediately) whether or not such rights are tradeable on a securities exchange;
- c. securities, derivatives (including fully deliverable commodity or real property derivatives) and foreign exchange (including foreign exchange contracts that are settled immediately) for the purpose of short selling;
- d. warrants or options to purchase any investment and warrants or options to sell any investment permitted pursuant to the Board's approval as detailed above;
- e. discount or purchase of bills of exchange, promissory notes or other negotiable instruments accepted, drawn or endorsed by any bank or by any corporation;
- f. deposits with any bank or corporation declared to be an authorised dealer in the short-term money market; and
- g. units or other interests in cash management trusts.

3.6 Risk Control

Performance of the Portfolio is generated from investment transactions and diversification of holdings is used with the intention of limiting risk. Risk control features of the Portfolio include:

- a. no one investment transaction, except as noted in clause (e) and (f) will represent more than 20% of the total Pre-Tax NAV at the time of acquisition;
- b. no investment, except as noted in clause (f), will represent more than a 20% stake in the issued securities of a company at the time of acquisition;
- c. total unlisted investment transactions at the time of acquisition of any of the unlisted investments cannot exceed 50% of the Pre-Tax NAV as measured by cost / Pre-Tax NAV;
- d. where suitable investments cannot be identified, the Portfolio may be invested in cash. Whilst unlikely over the medium term, the Portfolio may consist from time to time of significant cash deposits;
- e. there are no limitations on short positions;
- f. the Company may own up to a 40% stake in the issued securities of the Manager; and
- g. gearing may be employed in the Portfolio, but total exposure will not exceed 3 times as measured by aggregate absolute mark-to-market value of all open investment transactions divided by the Pre-Tax NAV.

The Manager is required to report to the Company any breach of these risk control measures as soon as practicable after the Manager becomes aware of the breach and the Company will determine the appropriate action to remedy the breach.

The Manager typically manages market risk by ensuring that any exposure will be established within predefined trading limits and marked to market with a full revaluation on a daily basis. Overall market risk limits are typically determined by reference to in-house Value-at-Risk (**VAR**) based calculations, which is a technique used to estimate the probability of portfolio losses based on the statistical analysis of historical portfolio performance and volatilities.

3.7 Investment Strategy

The Manager's investment strategy is to invest in a combination of value and growth stocks (currently predominately from the Australian resources sector), both listed and unlisted, and managing the market risk and tax on those investments by hedging some of the market and commodity exposures in the resulting Portfolio.

- A **value** stock means shares in a company that is considered to be trading at a low price relative to its fundamentals (dividends, earnings power, book value, or replacement value) and is therefore considered undervalued by the manager. Common characteristics of such stocks include a high dividend yield, low price-to-book ratio and/or low price-to-earnings ratio.
- A **growth** stock means shares in a company whose earnings are expected to grow at an above-average rate relative to the market. A growth stock often does not pay a dividend, as the company would prefer to reinvest retained earnings in capital projects.

The head office of the Company and Manager is in Perth, Western Australia. The majority of ASX-listed resource companies are based in Perth, which makes Perth an ideal location to conduct the requisite research on these companies and for the Manager to execute its current investment bias toward Australian resources sector growth stocks.

The Company has, on a number of occasions, been an early investor in the pre-feasibility and often pre-IPO stages for Australian resources sector companies through opportunities such as rights issues, private placements, private equity and convertible notes.

A variety of investment strategies are utilised by the Manager. The Manager can also change its investment strategies to take advantage of opportunities in other sectors outside of the commodities sector and the Australian resources sector.

The main four investment strategies currently utilised by the Manager are outlined below.

Event-driven

An event-driven strategy is designed to capture security price movements generated by expected significant corporate events such as a merger between companies, corporate restructure or reorganization. The Manager's event-driven strategy typically focuses on two types of market opportunities:

- Merger arbitrage, where the investment focus is specifically on announced merger and takeover announcements and/or activity to capture the spread between current market values of the involved companies' shares and the expected value of their shares during the merger or takeover. One example of merger arbitrage is for the Manager to take a long position in the target company's shares and, (dependant on the corporate activity), a corresponding short position in the acquirer's shares. There are various factors that will impact on the probability of, and timeline for, the conclusion of each event.
- Special situations involves trading the securities of companies that are involved in anticipated or actual capital market corporate events to capture the expected change in value of these companies' securities caused by the anticipated or actual capital market corporate event. Examples of these capital market corporate events include rights issues, private placements, unlisted investments including pre-IPO investments, spin-offs, divestments, and share buybacks.



Case Study 1: Merger Arbitrage – Polaris Metals Ltd / Mineral Resources Ltd

Following an announcement in August 2009 by Mineral Resources Ltd (**MRL**), that it intended to make a takeover bid for Polaris Metals Ltd (**POL**), the Company acquired 1,109,516 shares in POL at a price of \$0.49 per share and short sold 47,320 shares in MRL at a price of \$6.97. Subsequent to the takeover offer, Lion-Asia Pte Ltd, a major shareholder of POL, made a competing cash offer. After some revisions to both offers, MRL responded by increasing their offer terms to 1 MRL share for every 10 POL shares plus \$0.101 cash for every one POL share and made the offer unconditional. The Company accepted the offer and used the proceeds to close out its short-sale.

The realised gains in the POL share price as a result of the merger outweighed the realised losses on the MRL short sale and the combined transactions realised \$246,656.54.

The risks associated with this transaction included leverage from holding short positions in MRL, liquidity risk arising from posting collateral to service the potential margin calls on the MRL short positions and specific event risk if MRL withdrew its conditional offer on POL.

Case Study 2: Pre-IPO investment in Magma Metals

In September 2005, the Company acquired 500,000 shares in Magma Metals Limited (**MMW**), which was an unlisted public company at that time, at the price of 10 cents per share. In June 2006, MMW listed on the ASX after raising \$6,000,000 at 20 cents per share. The Company has subsequently invested in several of MMW's placement issues to institutional investors and continues to own as the date of this prospectus 350,000 of the original share lots purchased at 10 cents. These unrealised gains are valued in the company's accounts at fair market value.

The risks associated with this transaction include liquidity risk as the MMW shares were unlisted and a secondary market for buyers may not exist and specific event risk that the management of MMW may not get the company listed and, subsequent to MMW listing, certain shares may be escrowed as part of the ASX requirements of listing.

Commodity / Capital Market Risk Arbitrage

A commodity/capital market risk arbitrage opportunity occurs where the price of a company's shares are deemed by the Manager to be trading systematically below the general market because of investors' perceived risk of a reduction in the level of the prices of commodities that the company produces. Under this strategy, the Manager can arrange hedges against the risk of falling prices in the commodities produced by the company and maintain an 'overweight' equity investment in the company (in other words, the Manager is investing a greater proportion of the Portfolio's funds in the company than it would ordinarily invest).

Case Study 3: Commodity Price Risk Arbitrage – Short Nickel Price versus owning equity in Nickel producers

In the financial year of 2008, the Company acquired the shares of four mid-tier Western Australian nickel producers, Independence Group NL, Panoramic Resources Ltd, Mincor Resources NL and Western Areas NL. All four companies had benefited significantly from the surge in the nickel price from USD 11,700 per tonne in May 2005 to a high of USD 51,600 per tonne in April 2007 and the Manager had expected consolidation of the sector through merger activity. In the first half of 2008 the Manager on behalf of the Company short sold 36 tonnes of nickel futures at an average price USD 25,566 per tonne on the London Metals Exchange, as a hedge against the possibility of all four mining companies' share prices declining from a fall in the nickel price. On September 2008 the nickel price fell to USD 18,225 per tonne and the nickel short sale was closed out, half of the shares in the nickel mining companies were sold.

The realised profits of \$334,218 on the LME nickel hedge mitigated some of the losses from the Company being heavily exposed to nickel mining companies.

The risks associated with this trade included leverage from holding short positions in the nickel contracts, liquidity risk from posting collateral to service the variations to the margin on the nickel contracts and foreign currency risk because nickel is priced in USD.

Equity Long / Short

An equity long/short strategy makes long investments in listed shares of companies and offsets some of the market risk with this investment by short selling the shares of other companies. A long investment by the Manager involves taking buy positions (long positions) in a company's shares. To effect short selling, the Manager will borrow a company's shares from a lender and sell these shares (taking short positions). The objective of the strategy is to benefit from the relative outperformance of the long positions over the short positions. As a result the Portfolio may be net long or short and will vary in accordance with the Manager's sentiment on the respective shares and also the market itself.

For this strategy, the Manager evaluates its perceived value of the company shares by analysis of both financial and non-balance sheet operational data in respect of the company. Non-balance sheet data includes consideration of the experience of the company's management team, the size and quality of its mineral reserves and mineral resources, its mining and processing methods and ability to deliver its respective products to market. This method is referred to as a fundamental bottom-up analysis of the company.

Case Study 4: Long/Short RIO/BHP Investments

In October 2008, the Company owned 20,600 shares in BHP Billiton Limited (**BHP**) and no shares in Rio Tinto Ltd (**RIO**), by December 2008 the RIO share price had fallen from \$77.60 per share at the end of October to a low of \$32.00 on the 5th December 2008 as a result of BHP withdrawing its offer to acquire RIO following concerns that RIO's \$38 billion debt burden would be difficult to refinance in the constrained credit conditions that prevailed at the time. A fundamental analysis by the Manager of both companies showed that RIO had significant debt service coverage with 12 month forecast EBIT / EV multiple approximately 40% above BHP's. The Company bought 25,000 shares in RIO at \$40.01 and sold its 20,600 shares in BHP at \$30.99 and short sold an additional 11,400 shares in BHP at \$30.99. During the course of the next one and a half years the size of the BHP short and the RIO long position were varied up and down until eventually being completely unwound on the 24 June 2010.

The realised profits on the RIO long position of \$1,459,843 mitigated the realised losses of \$425,048 from the Company short selling BHP.

The risks associated with this trade included leverage from holding short positions in BHP, liquidity risk from posting collateral to service the potential margin calls on the BHP short sale and stock specific market risk that the RIO share price may not increase at a greater rate or decrease at a lesser rate than the BHP share price.

Discretionary Futures Overlay

If the Manager believes that the overall market or price of a single share in the Portfolio is overvalued, the Manager will prefer to sell futures, options or other non-exchange traded derivatives on that investment rather than sell the shares. The advantages of this strategy are:

- the Manager does not realise taxable gains on the investment by selling the shares;
- brokerage and transaction costs associated with futures or options are typically less than costs associated with the share market; and
- the strategy preserves the value of the overall Portfolio in a retreating market whilst continuing to earn dividends from companies within the Portfolio.

Derivative and short-sale transactions used by the Manager are classified as "right way" derivatives (derivatives that are negatively correlated to either the Portfolio, or individual investments in the Portfolio) and "wrong way" derivatives (derivatives that are positively correlated to the Portfolio). The value of negatively correlated assets move in opposite direction as each other and the value of positively correlated assets move in the same direction as each other.



The Manager typically employs “right way” derivatives and short-sale transactions in executing Commodity / Capital Market Risk Arbitrage and Discretionary Futures Overlay and Long/Short strategies. However the Manager may at its discretion also utilise “wrong-way” derivatives transactions that are additive to the overall portfolio risk at the Manager’s discretion, provided the Manager remains within limits defined under the Management Agreement (refer to Section 10.1).

The Manager may change its investment strategies to take advantage of other opportunities as they arise in other sectors.

Please note that the description of risks in the case studies does not include all risks pertinent to the investment strategies described. For a more detailed description of risks in regard to investment strategies please refer to Section 4.

3.8 Dividends

The Company intends to pay dividends from its retained earnings to the extent permitted by law and prudent business practice.

The dividend objective adopted by the Board in the past has been to pay a fully franked dividend yielding the equivalent of 2.5% per annum, calculated on the After-Tax NAV per Share as at the last date of the Company’s most recent audited financial statements.

Historical dividends paid by the Company from June 2006 to Dec 2010 have been included in the compound returns shown in Section 5 and are summarised below:

Financial year in which Dividend was announced	Fully Franked dividend	Dividend Paid per share	Average Monthly share price for the period	Dividend yield %- on average share price for the period
June 2007	\$100,000	\$0.02500	\$1.1186	2.2349%
June 2008	\$289,949	\$0.036258	\$1.3268	2.7327%
June 2009	\$289,949	\$0.036258	\$1.1872	3.0541%
June 2010	\$289,933	\$0.036260	\$1.3999	2.5902%
Dec 2010 (Half Year)	\$127,919	\$0.01600	\$1.4512	1.1025%

On 20 May 2011 the Company declared a fully franked dividend of 2.4 cents per Share, payable on 15 June 2011 to all Shareholders as at the record date of 13 June 2011. Applicants under this Offer will not be entitled to this dividend.

The capacity of the Company to pay a fully franked dividend yielding the equivalent of 2.5% per annum is not guaranteed and may vary from year to year based on the Company’s performance.

3.9 Liquidity of Investment

The Company is an unlisted public company. Whilst investors can transfer their Shares, there is not expected to be an active secondary market for the Shares.

The Company has implemented an equal access Buy Back Facility under which it can buy back the Shares of Shareholders at a share price based on the After-Tax NAV per Share at the end of each calendar quarter. The Buy Back Facility is subject to a buy back limit of 12.5% of the issued capital of the Company at the end of each calendar quarter. Share buy backs under the Buy Back Facility will be permitted on a quarterly basis with the payment of buy back proceeds being made within 12 Business Days of the end of the relevant Buy Back Period. Section 10.2 contains further details in regard to the Buy Back Facility. It is the intention of Directors to recommend similar facilities be renewed annually (subject to shareholder and regulatory approvals).

3.10 Returns and Future Performance

Whilst this Prospectus provides information as to the returns made over the previous years, investors should note that these returns include realised and unrealised returns and also that past performance is no guarantee of future returns.

The Directors make no guarantees with respect to the Company's future performance.

Investors should also note that an investment in the Company is subject to a number of risk factors and that the market price of investments that the Company holds may fall as well as rise, for example due to market conditions, and accordingly this may impact on the Company's investment returns. These risk factors are set out in Section 4.

3.11 Forecasts

The Directors have considered ASIC Regulatory Guide 170 and do not believe that they have a reasonable basis to forecast future earnings of the Company as they are inherently uncertain. Accordingly, any forecast or projection would contain such a broad range of potential outcomes and possibilities that it is not possible to propose a reliable best estimate forecast or projection.

3.12 Performance Reporting

The Administrator will send monthly statements to each Shareholder in respect to their holdings and performance. The Company aims to publish on its website a statement of the Pre-Tax Net Asset Value and After-Tax NAV per Share as at the end of each month within fifteen (15) days of the end of the relevant month.



4.0 - Risk Factors

4.1 Introduction

The Shares offered under this Prospectus are considered speculative. An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the value of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed and new risks may emerge over time.

4.2 Company specific risks

a. Leverage

Leverage occurs when the Company increases its assets available for investment through borrowings, short sales, derivatives or similar transactions, which can increase volatility. For leverage purposes, the Company will typically effect borrowing and short sales through the Prime Broker and derivative or similar transactions through other Clearing Brokers. The amount of borrowings which the Company may have outstanding at any time will generally be within the limits as outlined in Section 3.6 of this Prospectus under "Risk Control". Leverage can magnify both gains and losses and investors may experience increased volatility in the value of their investments. A company that leverages its investments may in extreme circumstances potentially lose all of its capital.

b. Credit Risk

The Company generates leverage by transferring, to a Clearing Broker, security title to certain investment securities, cash or other assets (Collateral) of the Company. The Clearing Broker is entitled to sell, lend or otherwise use some of the Collateral for their own purposes, subject to an obligation to return equivalent securities or cash value. Some of this Collateral is not segregated from the Clearing Broker's own property and may be available to third party creditors of the Clearing Broker in the event of the insolvency of the Clearing Broker. In these circumstances, the Company may become an unsecured creditor with respect to such assets and may not be able to recover its investment.

c. Refinancing Risk

In addition to providing a source of leverage, the Company relies on Clearing Brokers to provide clearing services for the assets of the Company including documents of title or certificates evidencing title to investments, held on the books of a Clearing Broker as part of its clearing function. These services are governed by clearing agreements.

Importantly these clearing agreements give the Clearing Broker the right to 1) raise or lower Collateral requirements without advance notice to the Company, and a failure to meet those additional Collateral requirements can result in a termination of the agreements 2) to terminate the clearing agreement with short notice (1 month or less) regardless of the liquidity position of the Company and 3) impose financial covenants and reporting requirements on the Company and the Manager which if breached, can result in a termination of the agreement.

In the event of termination there is a risk the Company may not be able to arrange alternative services in time and some assets may have to be sold to discharge the security held by the Clearing Broker.

The Manager factors in the risk of this agreement being terminated when it undertakes investment activities for the Company in order to minimise the impact on the Company.

d. Key Personnel Risk

The Company is reliant on the skill and expertise of the Manager's officers and employees, and in particular Greg Madden and Curtis Larson. The loss of services of any key personnel could materially and negatively impact on the Company.

e. Limited Liquidity

It is not currently the Company's intention to list the Company on a securities exchange. Therefore, the ability to sell Shares will be restricted.

f. Buy Back Limit

The Company may buy back Shares from Shareholders under the Buy Back Facility. Please see Section 10.2 for further details. The Buy Back Facility is an equal access buy back scheme, under the Corporations Act, which provides Shareholders with the opportunity to participate in a buy back offer from the Company on an equal basis. However, the buy back of Shares is subject to a quarterly buy back limit not exceeding 12.5% of the issued capital of the Company. Therefore, depending on the number of buy back requests received by the Company, the Company may not buy back all Shares requested in a Shareholder's buy back request. For example, if all Shareholders requested a buy back of 12.5% of their Shares and one Shareholder requested a buy back of all their Shares, only 12.5% of the single Shareholder's Shares would be bought back by the Company.

It is the intention of Directors (subject to annual Shareholder and regulatory approvals) to continue recommending a quarterly equal access buy-back facility be established annually, so that Shareholders wanting to redeem their Shares can request the Company to buy back their Shares. In the event Shareholder approval is not obtained the buy-back facility will not be available and Shareholders will not be able to redeem their Shares in this manner. The Directors have no reason to believe that Shareholder approval will not be obtained.

g. Lack of Independence

The majority of the Company's Directors are also directors of the Manager. As such, there may be circumstances where there is a conflict of interest between the Board and the Manager, and no quorum of Directors to resolve a matter. Such conflicts of interests may include, but are not limited to, breaches by the Manager of its mandate or requests by the Manager to make related party investments.

Where there is no quorum to consider the matter, the Board will need to seek Shareholder approval to resolve the matter, which may be onerous from a cost perspective and may delay or prohibit the investment intentions of the Manager regardless of the best outcome for Shareholders.

h. Unrealised returns and past performance

Whilst this Prospectus provides information as to the returns made over the previous years, investors should note that these returns include realised and unrealised returns and also that past performance is no guarantee of future returns.

i. Currency Risk

If the Company invests in offshore shares or other investments in a foreign currency, the value of such investments may be affected favourably or unfavourably by their exposure to currency exchange fluctuations in those foreign currencies against the Australian dollar. The Company may hedge such currency risks back into Australian dollars and attempts to maximise returns in Australian dollars. However, transactions undertaken to hedge adverse currency exchange movements may also involve the risk that a counterparty to any transaction may default on its obligations and cause loss to the Company. In addition, it may not be possible, or practicable for the Company to hedge successfully against currency risk exposure in all circumstances.

Prospective investors whose assets and liabilities are primarily denominated in currencies other than Australian dollars should take into account the potential risk of loss arising from fluctuations in the currency exchange rate between Australian dollars and such other currencies.

j. Derivative Risk

Exchange traded or over-the-counter derivatives may be utilised by the Company to deploy its discretionary futures overlay and commodity / capital market risk arbitrage strategies or for hedging purposes. The value of derivatives is linked to the value of an underlying asset or market index and, therefore, many of the risks involved with investing in the underlying asset are also applicable to derivatives trading. Trading in derivatives may be volatile and speculative. Derivative risks may include the value of the derivative failing to move in line with the linked underlying asset, potential illiquidity of the derivative and counterparty risk where the counterparty to the derivative contract fails to meet its obligations. The Company will also be required to pay directly and/or indirectly Collateral, in the form of cash or other assets, on demand to its prime broker or executing brokers for derivatives trading. This Collateral will be subject to the same risks as Collateral paid for obtaining leverage under Section 4.2.

k. Counterparty Risk

Substantial losses could be incurred by the Company if a counterparty (such as a Clearing Broker) fails to deliver on its contractual obligations or experiences financial difficulties because the Company will still be required to fulfil its obligations on any other transactions which were to have substantially offset the transaction with the defaulting counterparty.

The Company will seek to minimise its counterparty risk by selecting counterparties that it considers appropriate for the transactions to be undertaken.

l. Operational Risk

The Company has appointed the Prime Broker and Custodian for clearing and custody of all of its investment transactions. The Prime Broker counterparties will clear transactions on behalf of the Company. There is risk of operational faults from manual transaction processing and other clerical errors.

m. Systems Risk

The Company relies heavily on computer generated trading models and administration systems and may experience systems outage for a period of time which may adversely affect the Company's trading activities and, therefore, impact on returns. The Company manages these risks through the use of disaster recovery and other risk management processes.

n. Short Selling

The Manager may use short selling, on behalf of the Company, to try to improve returns and to manage risk. Short selling involves selling a security that is not already held by the Company, and this is generally done by borrowing the security from another party to make the sale. The short sale of a security can involve much greater risk than buying a security, as losses on the securities purchased are restricted at most to the amount invested, whereas losses on a short position can be much greater than the initial value of the security. Additionally, there can be no guarantee that the securities necessary to cover a short position will be available for purchase.

Short selling will also incur interest and other costs on the securities borrowed by the Company for sale. For a short sale to be profitable the return from the short sale must exceed these costs and, where losses are incurred on the short sale, these costs will increase the losses.

o. Investment Volatility Risk

The Company may make investments in markets that are volatile. Accordingly, the value of an investment in the Company may fluctuate more so than for other, less volatile, investments. The Shares are only suitable for investors seeking long-term capital growth, with a medium to high tolerance for risk and volatility.

p. Individual Investment Risk

Individual investments within the Portfolio may fall in value for many reasons such as changes in the entity's internal operations, management or in its business environment. If this occurs the net asset value of the Company will fall.

q. Company Risk

Risks particular to the Company include that the Company may give different after tax results than investing in the same investments individually because of income or capital gains accrued in the Company.

r. Unlisted Investment Risk

The Company may invest in unlisted securities or in companies whose securities have a low number of buyers and sellers (these securities are referred to as being thinly traded). The value of an investment in these companies is often more volatile and the Company's ability to sell securities in these companies may be restricted due to the low number of buyers. As a consequence, the securities in these companies held by the Company may not be able to be easily sold.

s. Speculative Nature of Certain Investments

Certain investments by the Company may be regarded as speculative in nature and involve increased levels of investment risk. An inherent part of a strategy may be to identify securities which are undervalued (or, in the case of short positions, overvalued) by the marketplace. Success of such a strategy necessarily depends upon the market eventually recognising such value in the price of the security, which may not necessarily occur. Equity positions, including IPOs, may involve highly speculative securities.

t. Limited Diversification

The Manager intends to seek to diversify the Company's investments as it deems appropriate and consistent with the Company's investment objective. If the Company's Portfolio is concentrated in a small number of investments, the Portfolio may be subject to a greater level of volatility.

u. Operational Costs

The operational costs of the Company as a proportion of their total assets will be affected by the number of Shares issued pursuant to this Prospectus. In turn, this may affect the operating results of the Company and its ability to make dividend payments.

v. Performance Fee Risk

The Performance Fee may create an incentive for the Manager to make investments on behalf of the Company that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Company.

w. Licensing Requirements

The ability of the Manager to continue to manage the Company in accordance with this Prospectus and the Corporations Act is dependent on the maintenance of the Manager's Australian financial services licence and its continued solvency. Maintenance of the Australian financial services licence depends, among other things, on the Manager continuing to comply with the ASIC imposed licence conditions and the Corporations Act.

x. Insurance Risks

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

Insurance against all risks associated with operating an investment company is not always available and where available the costs can be prohibitive.

y. Litigation Risks

The Company is exposed to possible litigation risks including counterparty disputes and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

4.3 Industry specific risks

a. Industry Risk

There are a number of industry risk factors that may affect the future operational performance of the Company. These factors are outside the control of the Company. Such factors include increased regulatory and compliance costs, unforeseen government legislation, collapse in equity markets, economic conditions in places other than Australia, and demand for products produced by companies in which the Company has invested. Regulatory intervention could also materially affect the ability of the Manager to give effect to the investment strategies.

b. General Resource Sector Risk

In common with other entities undertaking investments in the natural resources sector, certain risks are inherent in the companies and commodities substantially in which the Company invests. Many of these risks are outside the control of the Company.

These risks include abnormal stoppages in production or delivery due to factors such as industrial disruption, major equipment failure, accident, power failure or supply disruption, unforeseen adverse geological or mining conditions and/or changes to predicted ore or mineral quality, the state of supply and demand for gold in Australia and overseas markets and the effect of commodity prices, changes in government regulations (including environmental regulations) and government imposts such as royalties, rail freight charges and taxes and risks to land titles, mining titles and the use thereof as a result of native title claim.

4.4 General risks

a. Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's investment activities.

Share market conditions may affect the value of the Company's investment portfolio. Share market conditions are affected by many factors such as:

- (a) the general economic outlook;
- (b) economic conditions in places other than Australia such as the USA, Europe and China;
- (c) interest rates and inflation rates;
- (d) currency fluctuations;
- (e) changes in investor sentiment toward particular market sectors;
- (f) the demand for, and supply of, capital;
- (g) natural disasters; and
- (h) terrorism or other hostilities.

b. Market Risk

Investment returns are influenced by the performance of the market as a whole. So the Company's returns will be exposed to the risk that exchange rates, share prices, or futures prices move in an adverse manner resulting in a loss or potential unrealised loss.

c. Interest Rate Risk

Changes in interest rates can have an impact directly or indirectly on investment valuations, the returns on any cash deposits held and any amounts borrowed by the Company.

d. General Market Volatility

A fall in global or Australian equity markets, global or Australian bond markets or a rapid change in the value of the Australian dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on the value of the Company's investments.

e. Tax

Taxation and changes to tax systems can have an effect on returns but also the relative merit of putting monies in various asset classes and in an individual security. All of these items may have a negative impact on the Company or the price of Shares.

Any change in the Company's tax status or the tax applicable to holding Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders.

4.5 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the value of those Shares.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

5.0 - Historical Performance

Month	Pre-Tax				After-Tax					
	Monthly Return*	12 Month Return*	Net Asset Value	NAV per share	Monthly Return*	12 Month Return*	Net Asset Value	NAV per share	Dividend per share	Capital Raised/ (Share Buy-backs)
Apr-2011	-3.64%	17.4%	\$14,282,728	\$1.7865	-2.95%	13.7%	\$12,455,342	\$1.5579		
Mar-2011	1.48%		\$14,822,303	\$1.8540	1.18%		\$12,834,139	\$1.6053		
Feb-2011	0.46%		\$14,606,161	\$1.8269	0.32%		\$12,684,114	\$1.5865		
Jan-2011	-5.58%		\$14,539,885	\$1.8186	-3.56%		\$12,642,811	\$1.5814	\$0.0160	
Dec-2010	5.61%	22.5%	\$15,591,931	\$1.9502	4.53%	16.3%	\$13,242,622	\$1.6564		
Nov-2010	1.10%		\$14,763,137	\$1.8466	0.89%		\$12,668,985	\$1.5846		
Oct-2010	7.12%		\$14,602,381	\$1.8265	5.71%		\$12,557,702	\$1.5707		(\$1,469)
Sep-2010	9.52%		\$13,633,539	\$1.7051	6.62%		\$11,881,029	\$1.4859		
Aug-2010	0.80%		\$12,448,656	\$1.5569	0.55%		\$11,142,453	\$1.3935		
Jul-2010	3.78%		\$12,349,937	\$1.5445	2.93%		\$11,081,909	\$1.3859		
Jun-2010	-2.74%	15.7%	\$11,899,941	\$1.4882	-2.16%	11.1%	\$10,766,916	\$1.3465	\$0.02176	
May-2010	-0.68%		\$12,490,893	\$1.5622	-0.54%		\$11,182,825	\$1.3986		
Apr-2010	-1.47%		\$12,576,678	\$1.5729	-1.16%		\$11,243,853	\$1.4062		
Mar-2010	7.48%		\$12,764,952	\$1.5964	5.52%		\$11,375,642	\$1.4227		
Feb-2010	-6.00%		\$11,876,588	\$1.4853	-4.73%		\$10,780,368	\$1.3482		
Jan-2010	-2.78%		\$12,635,255	\$1.5802	-2.20%		\$11,315,184	\$1.4151	\$0.01450	
Dec-2009	-2.78%	48.0%	\$13,167,556	\$1.6468	-2.22%	33.5%	\$11,687,904	\$1.4617		
Nov-2009	2.71%		\$13,543,934	\$1.6939	2.12%		\$11,953,260	\$1.4949		
Oct-2009	2.09%		\$13,186,402	\$1.6491	1.64%		\$11,704,725	\$1.4638		(\$1,424)
Sep-2009	4.29%		\$12,918,105	\$1.6154	3.17%		\$11,517,344	\$1.4402		
Aug-2009	8.98%		\$12,387,058	\$1.5490	6.75%		\$11,163,340	\$1.3960		
Jul-2009	6.85%		\$11,366,284	\$1.4213	5.13%		\$10,457,207	\$1.3077		
Jun-2009	1.20%	-8.6%	\$10,637,411	\$1.3302	0.93%	-7.2%	\$9,947,106	\$1.2439	\$0.02176	
May-2009	2.69%		\$10,757,384	\$1.3452	2.19%		\$10,028,194	\$1.2540		
Apr-2009	10.10%		\$10,496,368	\$1.3125	6.71%		\$9,813,255	\$1.2271		
Mar-2009	7.38%		\$9,533,738	\$1.1922	5.25%		\$9,196,234	\$1.1500		
Feb-2009	-1.31%		\$8,878,661	\$1.1103	-0.94%		\$8,737,678	\$1.0926		
Jan-2009	-1.37%		\$8,996,574	\$1.1250	-0.97%		\$8,820,220	\$1.1029	\$0.01450	
Dec-2008	2.84%	-20.9%	\$9,237,584	\$1.1551	2.02%	-16.4%	\$9,023,711	\$1.1284		
Nov-2008	-4.53%		\$8,982,129	\$1.1232	-3.26%		\$8,844,895	\$1.1060		
Oct-2008	-4.07%		\$9,408,315	\$1.1765	-2.96%		\$9,143,227	\$1.1433		
Sep-2008	-5.58%		\$9,807,384	\$1.2264	-4.13%		\$9,422,572	\$1.1783		
Aug-2008	-2.59%		\$10,386,682	\$1.2988	-1.93%		\$9,828,081	\$1.2290		
Jul-2008	-11.81%		\$10,662,754	\$1.3334	-9.30%		\$10,021,333	\$1.2531		
Jun-2008	-2.43%	14.8%	\$12,090,632	\$1.5119	-1.23%	10.5%	\$11,049,175	\$1.3817	\$0.02176	
May-2008	10.89%		\$12,842,090	\$1.6059	5.49%		\$11,422,588	\$1.4284		
Apr-2008	10.52%		\$11,400,509	\$1.4256	5.30%		\$10,733,428	\$1.3422		
Mar-2008	-2.44%		\$10,306,407	\$1.2888	-1.23%		\$10,184,509	\$1.2736		
Feb-2008	2.43%		\$10,588,201	\$1.3240	1.22%		\$10,328,680	\$1.2916		
Jan-2008	-13.33%		\$10,328,399	\$1.2915	-6.72%		\$10,198,076	\$1.2752	\$0.01450	
Dec-2007	0.47%	24.8%	\$12,097,155	\$1.5127	0.24%	18.6%	\$11,039,433	\$1.3805		\$5,587,644
Nov-2007	-6.62%		\$6,734,166	\$1.6835	-4.75%		\$5,510,000	\$1.3775		
Oct-2007	15.57%		\$7,316,897	\$1.8292	11.18%		\$5,852,380	\$1.4631		
Sep-2007	9.47%		\$6,113,466	\$1.5284	6.80%		\$5,118,990	\$1.2797		
Aug-2007	-8.75%		\$5,718,878	\$1.4297	-6.28%		\$4,876,511	\$1.2191		
Jul-2007	2.29%		\$6,297,901	\$1.5745	1.65%		\$5,235,892	\$1.3090		
Jun-2007	2.46%	44.3%	\$6,116,311	\$1.5291	1.92%	37.0%	\$5,127,570	\$1.2819	\$0.02500	
May-2007	3.25%		\$6,350,862	\$1.5877	2.54%		\$5,259,919	\$1.3150		
Apr-2007	2.66%		\$6,097,498	\$1.5244	2.07%		\$5,090,944	\$1.2727		
Mar-2007	3.64%		\$5,895,222	\$1.4738	2.84%		\$4,956,541	\$1.2391		
Feb-2007	0.87%		\$5,632,098	\$1.4080	0.68%		\$4,784,338	\$1.1961		
Jan-2007	-0.77%		\$5,577,146	\$1.3943	-0.60%		\$4,746,893	\$1.1867		
Dec-2006	10.04%		\$5,615,454	\$1.4039	7.84%		\$4,773,843	\$1.1935		
Nov-2006	4.96%		\$4,995,385	\$1.2488	3.87%		\$4,343,752	\$1.0859		
Oct-2006	5.65%		\$4,701,938	\$1.1755	4.41%		\$4,136,628	\$1.0342		
Sep-2006	-2.09%		\$4,385,983	\$1.0965	-1.63%		\$3,914,369	\$0.9786		
Aug-2006	-0.66%		\$4,498,460	\$1.1246	-0.68%		\$4,000,000	\$1.0000		\$2,823,180
Jul-2006	7.89%		\$1,687,685	\$4.4341	9.20%		\$1,184,767	\$1.0068		
Jun-2006			\$1,533,957	\$1.3035			\$1,075,695	\$0.9141		

* Past performance is not a reliable indicator of future performance. Please refer to the next page for an explanation of these performance return figures.

Pre-Tax monthly returns are calculated prior to deduction for company tax, Front End Fees and dividends and after deduction for legal, audit, administration, manager fees, goods and services tax net of reduced input tax credits and other costs reflective of the current offering. The Pre-Tax monthly return is the total return in the Pre-Tax NAV over the month, assuming any dividends paid during the month (inclusive of franking credits) are reinvested at the end of the month at the Pre-Tax NAV per share. The Pre-Tax Monthly Returns, prior to September 2007, have been pro-forma reduced to reflect what the impact management and performance fees would have been to the Company had they been charged.

The After-Tax NAV includes an estimate of tax payable on the realised and unrealised income and expenses for the period after the impact of franking credits. This is to provide a reasonable estimate of the final tax position at the end of the financial year. The After-Tax monthly return is the total return in the After-Tax NAV over the month, assuming any dividends paid during the month (exclusive of franking credits) are reinvested at the end of the month at the After-Tax NAV per share. The Company does not currently offer an automatic dividend reinvestment program, however, you have the ability to reinvest monthly pursuant to this Offer.

Prior to June 2008 the Manager self-administered the company, actual administration costs were only charged to the company from June 2008. Actual Manager performance fees were only paid to the Manager from September 2007. The After-Tax monthly return is only reflective of the actual fees and costs that have been incurred by the Company in the past.

The After-Tax Net Asset Values are reflective of the actual fees and costs incurred by the Company in the past and, as such (for the reasons given above), does not include administration costs prior to June 2008 and Manager fees prior to September 2007.

Prior to August 2006, the Company was 100% owned by Greg Madden and personally related parties. The Pre-Tax monthly returns, After-Tax monthly returns, Pre-Tax NAV per share and After-Tax NAV per share, for June 2006 – August 2006 have been reduced to reflect a share split that occurred in August 2006 as if it had occurred in June 2006 and more accurately reflects the economic performance of the Company at that time.



6.0 - Financial Information

This Section sets out the Historical and Pro Forma Financial Information of the Company (together the **Financial Information**). The Financial Information has been prepared by the Manager and adopted by the Directors. The Directors are responsible for the inclusion of all Financial Information in this Prospectus.

KPMG Transaction Services (Australia) Pty Limited has prepared the Investigating Accountant's report in respect of the Pro forma Historical Financial Information. A copy of this report is set out in Section 7 .

The Financial Information in this section should be read in conjunction with the summary of critical accounting policies set out in Section 6.6, the key risk factors set out in Section 4 and other information contained within this Prospectus.

The Historical Financial Information comprises the summary historical income statements, balance sheets, statements of changes in equity and statements of cash flows of the Company for the financial years ended 30 June 2006 to 30 June 2010, and the half year ended 31 December 2010.

The Pro Forma Historical Financial Information comprises the summary historical pro forma balance sheet of the Company as at 31 December 2010.

The Historical and Pro Forma Historical Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with AASBs and the Corporations Act.

The historical income statements, balance sheets, statements of changes in equity and cash flow statements have been derived by extracting the historical financial information from the audited financial statements of the Company for the years ended 30 June 2006 to 30 June 2010, and the reviewed financial records of the Company for the half year ended 31 December 2010.

6.1 Summary Historical Income Statements

Financial years ended 30 June 2006 to 2010 and the half year to 31 December 2010.

\$000's	Dec 2010 reviewed	Jun 2010 audited	Jun 2009 audited	Jun 2008 audited	Jun 2007 audited	Jun 2006 audited
Revenue	3,372	2,802	1,343	1,273	550	444
less: Unrealised losses on available-for-sale Investments transferred from Reserves	(21)	(236)	(360)	(532)	-	-
Operating expenses	(1,054)	(1,119)	(297)	(690)	(435)	(201)
Results from Operating Activities	2,297	1,447	686	51	115	243
Share of Profit/(Loss) of Manager	113	(8)	(99)	11	18	-
Impairment Charges to Holding Cost of Manager	(-)	(-)	(153)	-	-	-
Profit before Income Tax	2,412	1,439	434	62	133	243
Income Tax benefit/(expense)	(1,050)	(564)	(105)	30	(11)	(59)
Profit/(Loss) after income tax	1,362	875	329	92	122	184

The above Income Statements should be read in conjunction with the accompanying summary of Critical Accounting Policies set out at Section 6.6.

6.2 Historical Balance Sheets

Financial years ended 30 June 2006 to 2010 and the half year to 31 December 2010.

\$000's	Dec 2010 reviewed	Jun 2010 audited	Jun 2009 audited	Jun 2008 audited	Jun 2007 audited	Jun 2006 audited
Current Assets						
Cash and cash equivalents	958	646	3,648	1,904	41	14
Receivables and other assets	297	2,360	28	70	19	42
Total Current Assets	1,257	3,006	3,676	1,974	60	56
Non-current Assets						
Available-for-sale Investments <i>(refer Section 6.7)</i>	14,944	13,386	7,518	9,428	5,946	3,415
Derivatives	-	64	-	330	177	130
Investments and Loans in the Manager	545	292	300	450	338	-
Deferred tax assets	-	-	-	-	10	-
Total Non-current Assets	15,490	13,742	7,818	10,208	6,471	3,545
Total Assets	16,746	16,748	11,494	12,182	6,531	3,601
Current Liabilities						
Loans and Borrowings	-	1,317	-	-	-	-
Trade and other payables	727	122	347	190	302	33
Short sold securities	1,080	3,942	535	-	-	-
Derivatives	221	-	76	-	-	-
Income tax payable	543	204	271	21	18	-
Total Current Liabilities	2,571	5,585	1,229	211	320	33
Non-Current Liabilities						
Loans and borrowings	-	-	-	-	213	2,142
Deferred tax liabilities	872	425	288	955	870	350
Total Non-Current Liabilities	872	425	288	955	1,083	2,492
Total Liabilities	3,443	6,010	1,517	1,166	1,403	2,525
Net Assets	13,303	10,738	9,977	11,016	5,128	1,076
Equity						
Issued Capital	8,409	8,410	8,411	8,411	2,823	-
Reserves	2,799	1,594	1,416	2,495	1,996	789
Retained Profits	2,096	734	150	110	309	287
Total Equity	13,303	10,738	9,977	11,016	5,128	1,076

The above Balance Sheets should be read in conjunction with the accompanying summary of Critical Accounting Policies set out at Section 6.6 below.

6.3 Historical Statements of Changes in Equity

Financial years ended 30 June 2006 to 2010 and the half year to 31 December 2010.

\$000's	Share Capital	Retained Earnings	Reserves	Total
Balance at 30 June / 1 July 2006	-	287	789	1,076
Profit for the year attributable to members	-	122	-	122
Changes in fair value of securities net of tax	-	-	1,330	1,330
Gain on sale of securities transferred to Profit and Loss	-	-	(123)	(123)
Issue of Shares	2,823	-	-	2,823
Dividends paid to Shareholders	-	(100)	-	(100)
Balance 30 June / 1 July 2007	2,823	309	1,996	5,128
Profit for the year attributable to members	-	92	-	92
Changes in fair value of securities net of tax	-	-	2,523	2,523
Gain on sale of securities transferred to Profit and Loss	-	-	(2,024)	(2,024)
Issue of Shares	5,796	-	-	5,796
Transaction costs	(208)	-	-	(208)
Dividends paid to Shareholders	-	(291)	-	(291)
Balance 30 June / 1 July 2008	8,411	110	2,495	11,016
Profit for the year attributable to members	-	329	-	329
Changes in fair value of securities net of tax	-	-	1,416	1,416
Gain on sale of securities transferred to Profit and Loss	-	-	(2,495)	(2,495)
Dividends paid to Shareholders	-	(289)	-	(289)
Balance 30 June / 1 July 2009	8,411	150	1,416	9,977
Profit for the year attributable to members	-	875	-	875
Changes in fair value of securities net of tax	-	-	1,587	1,594
Gain on sale of securities transferred to Profit and Loss net of tax	-	-	(1,416)	(1,416)
Tax deferred amount on trust distributions	-	-	7	7
Share Buy Back	(1)	-	-	(1)
Dividends paid to Shareholders	-	(291)	-	(291)
Balance 30 June / 1 July 2010	8,410	734	1,594	10,738
Profit for the year attributable to members	-	1,362	-	1,362
Changes in fair value of securities	-	-	1,478	1,478
Gain on sale of securities transferred to Profit and Loss	-	-	(294)	(294)
Reserves Available for sale	-	-	21	21
Share Buy Back	(1)	-	-	(1)
Dividends paid to Shareholders	-	-	-	-
Balance at 30 Dec 2010	8,409	2,095	2,798	13,303

(1) The Share Capital of the Company on 1 July 2006 was \$4.00, not included in the above table due to rounding being to nearest \$1,000.

The amounts recognised in equity are disclosed net of tax.

The above Statement of Changes in Equity should be read in conjunction with the accompanying summary of Critical Accounting Policies set out at Section 6.6.

6.4 Historical Statements of Cash Flow

For Years ended 30 June 2006 to 2010 and half year to 31 December 2010.

\$000's	Dec 2010 reviewed	Jun 2010 audited	Jun 2009 audited	Jun 2008 audited	Jun 2007 audited	Jun 2006 audited
Cash Flows from Operating Activities						
Dividends and trust distributions	392	286	225	174	129	72
Other income	(22)	7	6	-	-	3
Interest received	71	16	140	98	11	-
Placement fees	-	-	-	10	-	-
Interest paid	(61)	(53)	-	-	-	-
Borrowing costs	-	-	(2)	(54)	(33)	(82)
Payments of manager fees	(236)	(478)	(74)	(364)	-	-
Payments to creditors	(230)	(574)	(297)	(425)	(120)	(121)
Income taxes paid	(264)	(271)	(21)	(10)	(3)	(45)
Net cash used in operating activities	(350)	(1,067)	(23)	(571)	(16)	(173)
Cash Flows from Investing Activities						
Proceeds from sale of available- for-sale investments	16,549	11,390	6,430	2,134	1,498	783
Proceeds from short sold securities	5,555	7,982	1,741	-	-	-
Purchase of available for sale investments	(11,378)	(15,608)	(6,968)	(4,201)	(1,920)	(1,889)
Purchases to cover short sold securities	(8,470)	(6,259)	(1,385)	-	-	-
Investment and loans made to the Manager	(140)	-	(100)	(100)	(320)	-
Proceeds from derivatives trading	(135)	(465)	2,338	(395)	-	-
Proceeds from sale (purchase) of property plant and equipment	-	-	-	-	1	(2)
Net cash used in Investing activities	(1,981)	(2,960)	2,056	(2,562)	(741)	(1,108)
Cash Flows from Financing Activities						
Proceeds from Issue of shares	-	-	-	5,796	2,188	-
Share issue costs	-	-	-	(297)	-	-
Proceeds from borrowings	-	1,317	-	-	-	1,218
Repayment of borrowings	(1,317)	-	-	(212)	(1,304)	-
Dividends paid	-	(291)	(289)	(291)	(100)	(6)
Share buy-back	(1)	(1)	-	-	-	-
Net cash from Financing Activities	(1,318)	1,025	(289)	4,996	784	1,212
Net increase (decrease) in cash and cash equivalents held	313	(3,002)	1,744	1,863	27	(69)
Cash and cash equivalents at the beginning of the beginning of period	646	3,648	1,904	41	14	83
Cash and cash equivalents at the end of the financial year	958	646	3,648	1,904	41	14

The above Statements of Cash Flow should be read in conjunction with the accompanying summary of Critical Accounting Policies set out at Section 6.6.

6.5 Pro-Forma Balance Sheet

The unaudited Pro Forma Balance Sheet reflects the balance sheet of the Company as at 31 December 2010 after adjusting for the Offer adjustments as if they had occurred at that date.

\$000's	31 Dec 2010 Reviewed	Pro Forma Balance Sheet if Raise Minimum Subscription of \$5.0 million ⁽¹⁾	
		Offer adjustments	Pro Forma Balance Sheet post capital raising
Current Assets			
Cash and cash equivalents	958	4,608 ^{(1) (2)}	5,567 ⁽¹⁾
Receivables & other assets	297	19 ⁽³⁾	317
Total Current Assets	1,257	4,627	5,885
Non-Current Assets			
Equity and Debt Investments – available for sale	14,944	-	14,944
Derivatives	-	-	-
Investment and Loans in the Manager	545	-	545
Total Non-Current Assets	15,490	-	15,490
TOTAL ASSETS	16,746	4,627	21,374
Current Liabilities			
Loans and borrowings	-	-	-
Trade and other payables	727	-	727
Short sold securities	1,080	-	1,080
Derivatives	221	-	221
Income tax payable	543	-	543
Total Current Liabilities	2,571	-	2,571
Non-Current Liabilities			
Deferred tax liabilities	872	(112) ⁽⁴⁾	760
Total Non-Current Liabilities	872	(112)	760
TOTAL LIABILITIES	3,443	(112)	3,331
NET ASSETS	13,303	4,739	18,043
Equity			
Issued Capital	8,409	4,739 ⁽⁵⁾	13,148
Reserves	2,799	-	2,799
Retained profits	2,096	-	2,096
TOTAL EQUITY	13,303	4,739	18,043
Number of Shares on Issue	7,994,938	2,903,242 ⁽⁶⁾	10,898,180
NET ASSET VALUE PER SHARE	\$1.6639		\$1.6556

The above Balance Sheets should be read in conjunction with the accompanying summary of Critical Accounting Policies set out at Section 6.6.

Notes:

1. assumes new capital is raised at a price of \$1.6639 per share, being the After-Tax Net Asset Value per Share as at 31 Dec 2010, as published in the Company's auditor reviewed accounts as published on the Company website; the final price at which Shares are to be issued to applicants will vary from month to month during the life of this Prospectus. The number of shares to be issued to applicants and in aggregate by the Company, will be determined in accordance with the formula set out at Section 2.2.
2. adjustment to Cash and Cash Equivalents is after allowing for fixed and variable costs of the Offers of \$391,125 including GST (\$354,568 excluding GST) as detailed at Section 11.4.
3. GST receivable for GST paid on financial supply components of issue costs (issuer fee and commissions)
4. estimated future tax benefit associated with capitalized issue costs
5. adjustments to Issued Capital comprise (\$'000):

- gross proceeds from the issue.....	\$5,000
- issue costs (net of GST & RITC).....	(\$372)
- estimated future tax benefit associated with issue costs	\$111
	<u>\$4,739</u>
6. the new shares to be issued pursuant to the Offer will be calculated in accordance with the formula contained at Section 2.2.
7. in the event that full subscriptions of \$30.0 million are received, after completion of the Offer the Pro forma balance sheet would reflect the following changes in sub-total balances (\$'000):

- Cash and Cash Equivalents	\$29,522
- Total Current Assets.....	\$29,911
- Total Assets	\$45,401
- Net Assets and Total Equity	\$42,361
- Number of Shares on Issue.....	25,414,392
- Net Asset Value per Share	\$1.6668
8. in the event that over-subscriptions of \$10.0 million are received (ie total subscriptions of \$40.0 million), after completion of the Offer the Pro forma balance sheet would reflect the following changes in sub-total balances (\$000's):

- Cash and Cash Equivalents.....	\$39,137
- Total Current Assets.....	\$39,552
- Total Assets.....	\$ 55,041
- Net Assets and Total Equity	\$52,110
- Number of Shares on issue.....	31,220,876
- Net Asset Value per Share	\$1.6691

6.6 Critical Accounting Policies

The following is a summary of the key accounting policies adopted by the Company. For a full statement of the Company's accounting policies adopted in the preparation of its financial statements, please refer to the Company's audited financial statements at its website, www.dvo1.com.

The accounting policies set out below have been applied consistently to all periods presented in the above financial statements and prepared in accordance with the Corporations Act 2001 and AIFRS (Australian Equivalents to International Reporting Standards). Compliance with AIFRS ensures that the Financial Statements of the Company (and the notes herein) comply with International Financial Reporting Standards (IFRS).

a. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and equivalents for the purposes of the statement of cash flows.

b. Investment in the Manager (i.e. Associate)

The Manager is an entity in which the Company has significant influence, but not control, over the financial and operating policies. The Manager is accounted for using the equity method (equity accounted investees). The financial statements include the Company's share of Net Profit (or loss) of the Manager, after adjustments to align the accounting policies with those of the Company, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

c. Financial Instruments Recognition

Financial instruments are initially measured at cost on the trade date. Subsequent to initial recognition the fair value of these instruments are measured on their quoted market prices at the balance sheet date.

d. Equity & Debt Investments – Available for sale

Equity and Debt investments – available for sale are listed equity and debt securities and any financial assets (other than Derivatives) not included in the above category. Such investments are reflected at fair value, using current bid prices, where revaluation is possible. Unrealised gains and losses arising from changes in the fair values of these investments are taken directly to reserves, except to the extent an investment is impaired in which case the cumulative fair value losses are transferred to profit and loss.

e. Derivatives and Short Sold Investments

The Company holds derivatives and short sold equity investments to reduce market risk and enhance investment exposure. Derivatives and Short Sold Investments are reflected in the accounts at fair value based on their last traded market price or settled price at balance date. Changes in fair value are taken directly to profit and loss. Transaction Costs for Derivatives and Short Sold Investments are taken to Profit and Loss as a Financing Expense. Dividends payable and other corporate actions under short sale arrangements are recognised on the entitlement date and accrued from the record date at fair value.

Impairment of Assets

i. Financial Assets

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

ii. Non Financial Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

g. Investment Income

Investment Income comprises:

- i. Realised gains/(losses) on Equity & Debt Investments – Available for sale
- ii. Dividends and trust Income on Equity & Debt Investments – Available for sale
- iii. Realised and Unrealised gains/(losses) on Derivatives and Short Sales
- iv. Realised and Unrealised gains/(losses) on Foreign Exchange
- v. Interest Income

h. Financing Expenses

Financing expenses comprises:

- i. Transaction Costs on Equity & Debt Investments – Available for sale
- ii. Transaction Costs on Derivatives and Short Sales
- iii. Interest Expense & Bank Charges.

6.7 Selected Financial Statement Disclosures

Equity and Debt Investments – Available-for-Sale.

\$000's	Opening Balance	Additions	Disposals	Changes in Fair Value	Closing Balance at end of period
31 Dec 2010	13,386	11,377	(14,691)	4,873	14,944
30 Jun 2010	7,518	15,475	(11,620)	2,013	13,386
30 Jun 2009	9,428	7,105	(6,448)	(2,567)	7,518
30 Jun 2008	5,946	4,626	(2,134)	990	9,428
30 Jun 2007	3,415	1,231	(423)	1,723	5,946
30 Jun 2006	961	1,889	(562)	1,127	3,415

6.8 Valuation Policy

The Company's principal activity is the purchase of listed and unlisted securities and derivatives for investment purposes. The Company has no employees. It has no premises, plant or equipment or other physical assets. The sole purpose of the Company is as an investment company. The objective of the Company is to seek long term capital growth through utilising the skills of its associate the **Manager**. The Company's day-to-day affairs are undertaken by the Manager in accordance with a Management Agreement (as amended, supplemented or replaced from time to time).

Whilst the Management Agreement aligns the Manager to provide positive investment performance for the Company's assets, it also means that the Manager is likely to receive the majority of its fee income in performance fees calculated on the basis of the **Pre-Tax Net Asset Value (Pre-Tax NAV)** of the Company. Much of this performance can include both realised and unrealised returns and the Manager has a wide mandate that can direct the Company to invest in **Hard-to-Value** assets including derivatives and private, unlisted or illiquid investments. This policy is intended to provide a framework to reduce any conflict of interest in calculating the fair value of the Company's assets and is based on industry best practice as described in AIMA's Guide to Sound Practices for Hedge Fund Valuation (2007) with modifications to reflect the size of the Company.

The main valuation practices adopted by the Board are set out below and the Valuation Policy Statement is available on the Company's website: www.dvo1.com.

1.0 The Role and Responsibilities of the Board in Valuation of the Company.

The Board has ultimate responsibility for the valuation of the Company and is the ultimate governing body of the Company. A further discussion of the Board's corporate governance policies can be found on the Company's website.

The Board meets regularly and receives a detailed breakdown of the Company's NAV calculations as calculated on the last Business Day of the month by the Company's administrator TMF FundAdministration (Australia) Pty Limited (TMF). These reports are also internally reviewed and verified by the Company's Manager.

Given the Company's size, the Board has not found the need to establish a formal Valuation committee to assist in the execution of its duties.

1.1 The Role and Responsibilities of the Manager in the Valuation of the Company.

The Manager's role in Valuation is governed by the Management Agreement and authorities provided to it by the Board.

The majority of the Company's investments are Easy to Value Assets that can be valued by reference to listed valuations provided by financial market information services providers. Where such listed valuations are unlikely to represent fair-value because of illiquidity, stale prices or no prices, the Manager may over-ride the prices, provided that the over-ride would not result in a more favourable valuation of the asset to the Company. Such overridden prices must be notified to the Board on a monthly basis.

The Manager must maintain the ability to monitor on a continuous and real-time basis the portfolio assets and the Pre-Tax NAV of the Company. The Manager subscribes to Bloomberg Professional terminal to provide real-time streaming financial market data.

In addition Bloomberg has a suite of off the shelf valuation models, which have been independently verified, are subject to peer review and have been benchmarked to industry standards. The models can be used to value Hard to Value Assets on a continuous and real-time basis. Wherever possible the Administrator must use these models to value Hard to Value Assets.

In the case where Bloomberg's off the shelf valuation models are not suitable for valuing the investments of the Company, the Manager must submit to the Board, for its approval, a formal Valuation Methodology for the particular Hard to Value Asset, taking into account a preference to conform to approved Australian Accounting Standards Board (**AASB**) practices, simplicity, market convention and potential likelihood that such modelling is likely to reflect the tradeable market value of the relevant assets.

1.2 TMF has been appointed as the Administrator

The Company has appointed TMF as its Administrator, which in addition to acting as a Company Valuation Service Provider, also provides month end account reconciliations, maintains the Company's Shareholder registry, sends monthly valuation reports to Directors, Shareholders and service providers, records Shareholders Subscriptions and Redemptions.

TMF is a fund administration company fully owned by the global TMF Group. The TMF Group is headquartered in Amsterdam and is a leading independent provider of accounting and corporate secretarial services. TMF has been reviewed by the Manager and has a robust control environment, SAS 70 and experience in valuing the Company's financial instruments. TMF is able to independently determine the value of the Company's assets through its own subscriptions to market information vendors including Reuters and Bloomberg. TMF has systems and infrastructure to receive direct trade data and valuation statements from the Company's transaction service providers.

TMF independently calculates the month-end Pre-Tax Net Asset Value of the Company for the purpose of determining the Manager's performance and management fees.

TMF also provides an estimate of the after tax value of the Company to Shareholders, Directors and other stakeholders on a monthly basis. This estimate allows for the impact of taxation calculated at the Statutory Corporate Tax Rate on both realised and unrealised gains (or losses) in the Company's assets.

This Valuation to Shareholders may differ to the financial reports provided by the Company due to several reasons including 1) the tax deductibility of certain expenditures such as but not limited to the deductibility of Accruals (see 1.6 on the next page) or 2) the taxation of certain income such as but not limited to capital distribution, trust distributions and franked dividends. The After Tax NAV calculated monthly based on the estimated tax liability is reconciled semi-annually prior to the preparation of annual or semi-annual audited or reviewed accounts.

1.3 The Company's Accounting Standards

The Company's financial statements are prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), and the Corporations Act 2001. The financial statements also comply with International Financial Reporting and interpretations adopted by the International Accounting Standards Board (IASB).

The Company's currency of record is Australian Dollars and despite the Company's ability to invest in financial instruments denominated in currencies other than Australian Dollars, it is the objective of the Manager to maximise returns in Australian Dollars.

In addition the Company values specific assets as per the following policy.

1.3.1 The Company's Equity & Debt Instruments – Available for Sale

The Company's investments in listed equity and debt securities are held as Available for Sale investments in the Company's Financial report thus reflecting the longer term nature of the Company's investment portfolio. This means that changes in the valuation of the assets are taken direct to Equity within the Balance Sheet rather than to Profit and Loss. In cases where the assets are impaired the cumulative fair value losses are transferred to profit and loss. Any subsequent reversal of an impairment loss is not reversed through profit or loss.

1.3.2 The Company's investment in the Manager

The Company values its holding in its associate DV01 Funds Management Pty Ltd using the equity method in the consolidated financial statements. When the Manager incurs a loss, the carrying amount of the Company's losses are reduced by the pro-rated share of the loss.

1.4 The Company's Valuation Standard differs from Accounting Standards and policies adopted in Audited Financial Reports

The Company values Easy to Value Assets on a day to day basis at the last price traded on the last Business Day of the month of the primary exchange that the investment is principally traded on. Such prices form the basis for calculating the manager fees, shareholders month-end valuation statements and any prices determined under a Company approved Buy - Back facility. This methodology does differ from the Company's audited financials, which require available for sale assets to be valued at the last bid price of the primary exchange that the investment is principally traded on.

1.5 Reconciliation of Company accounts

Where the Company values its assets on a monthly basis according to a method other than that provided for in its Financial Reports, the Company will include a reconciliation in its accounts listing the differences of valuing the Company's available for sale assets at Last Price rather than last Bid Price.

1.6 Accrual of certain Expenses on a monthly basis

The Manager provides estimates to the Board for the annual cost of certain expenses that are likely to be payable over the financial year and accrues an estimated monthly cost to the Company and Shareholders in a way that may not reflect the amount of or timing of actual costs.

Such Accruals are currently made for:

- Audit Fees
- Accounting, Tax and Company Secretarial
- Professional Indemnity & Directors & Officers Insurance
- Legal Fees
- Directors Fees
- Performance Fees (at risk of falling below the Pre-Tax NAV High Water mark)

These Accruals have the effect of expensing on a monthly pro-rata basis the Directors' reasonable provisional expectations of such costs over the course of the year.

1.7 Materiality of the Company NAV Valuation

In practice the Company may make several estimates in calculating its After-Tax Net Asset Value each month by estimating future tax liabilities and provisions for accrued expenses. The regular reporting to stakeholders and Shareholders of After-Tax Net Asset Value means that a highly accurate error-free reporting truly reflecting the liquidation value of the Company cannot practically be calculated on a timely and regular basis. The Board considers any report would not be a material misstatement of the value of the Company provided it is within a threshold 0.75% of the true value. The Manager and the Company only reconcile such valuations (including full tax workings) every half year and it would be likely that such errors within thresholds calculated on a monthly basis could compound up to be a larger percentage on a semi-annual basis without requiring specific reissue or restatement of After-Tax NAV statements or accounts.

7.0 - Investigating Accountant's Report



KPMG Transaction Services (Australia) Pty Limited
Australian Financial Services Licence No. 245402
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GPO Box A29
Perth WA 6837
Australia

The Directors
DV01 Mechelle Limited
Ground Floor
89 St Georges Terrace
Perth WA 6000

31 May 2011

Dear Directors

Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Transaction Services (Australia) Pty Limited ("KPMG Transaction Services") has been engaged by DV01 Mechelle Limited ("DV01") in respect to the proposed issue of ordinary shares to prepare this report for inclusion in the prospectus to be dated 31 May 2011 ("Prospectus"), and to be issued by DV01.

Expressions defined in the Prospectus have the same meaning in this report.

Scope

KPMG Transaction Services has been requested to prepare a report covering the pro forma historical information described below and disclosed in the Prospectus.

The pro forma historical financial information is presented in an abbreviated form in the Prospectus insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Review of Pro Forma Historical Financial Information

The pro forma historical financial information, as set out in section 6.5 of the Prospectus, comprises the summary pro forma historical balance sheet of DV01 as at 31 December 2010 (the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the reviewed interim financial statements of DV01 for the six months ended 31 December 2010, after adjusting for the pro forma transactions and/or adjustments described in section 6.5 of the Prospectus. The financial statements of DV01 for the six months ended 31 December 2010 were reviewed by KPMG in accordance with Australian Auditing Standard on Review Engagements. The review statement issued to the members of DV01 relating to those statements was unqualified.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



For the purposes of preparing this report we have reviewed the Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 6.5 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by DV01 a summary of which is disclosed in section 6.6 of the Prospectus.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of the extraction of DV01's balance sheet from the reviewed interim financial statements of DV01 as at 31 December 2010 ("the Historical Financial Information");
- analytical procedures on the Pro Forma Historical Financial Information of DV01 as at 31 December 2010;
- a review of the pro forma transactions and/or adjustments made to the Historical Financial Information of DV01;
- a review of DV01's work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by DV01 disclosed in section 6.6 of the Prospectus; and
- enquiry of directors, management and others.

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

Directors' responsibilities

The directors of DV01 are responsible for the preparation and presentation of the Pro Forma Historical Financial Information, including the determination of the pro forma transactions and/or adjustments.

The directors' responsibility includes establishing and maintaining internal controls relevant to the preparation of the financial information in the Prospectus that is free from material misstatement, whether due to fraud or error.

Review statement on the Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in section 6.5 of the Prospectus and comprising the pro forma historical balance sheet of DV01 as at 31 December 2010 is not prepared or presented fairly, in all material respects, on the basis of the pro forma



transactions and/or adjustments described in section 6.5 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by DV01 a summary of which is disclosed in section 6.6 of the Prospectus.

Independence

KPMG Transaction Services does not have any interest in the outcome of this issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of DV01 and from time to time, KPMG also provides DV01 with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Matthew Kelly'.

Matthew Kelly
Director



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Australia

Financial Services Guide

Dated 31 May 2011

KPMG Transaction Services (Australia) Pty Limited **ABN 65 003 891 718**, Australian Financial Services Licence Number 245402 **KPMG** has been engaged by DV01 (**Company**) to provide an Investigating Accountant's Report (**Report**) in relation to the offer of ordinary shares to sophisticated investors (**Transaction**) for inclusion in the Prospectus dated 31 May 2011 (**Document**) prepared by the Company.

Purpose of this Guide

This Guide is designed to help retail clients to decide how to use our Report. It includes information about:

- who we are and how we can be contacted
- the services we are authorised to provide under our licence
- how we and our staff are paid
- any relevant associations or relationships we have
- how complaints are dealt with; and
- the compensation arrangements we have in place.

The Document contains information about significant benefits, risks, fees and other charges and other information about the Transaction.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- Interests in managed investments schemes (excluding investor directed portfolio services)
- Securities (such as shares and debentures).

Our responsibility to you

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. You have not engaged us directly but have received a copy of the Report because of your connection to the Transaction.

We are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in our Report.

General Advice

Our report only contains general advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in our Report having regard to your circumstances before you act on our Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees we may receive

We charge fees for preparing reports. These fees will usually be agreed with, and paid by, the financial product issuer. Fees are agreed on either a fixed fee or a time cost basis. In this instance, has agreed to pay DV01 \$15,000 for preparing the Report.

KPMG and its officers, employees, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

Through a variety of corporate and trust structures KPMG is controlled by and operates as part of KPMG's Australian professional advisory and accounting practice (the **KPMG Partnership**). Our directors may be partners in the KPMG Partnership.

From time to time KPMG, the KPMG Partnership and related entities (**KPMG entities**) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have, over the past two years, provided a range of audit and advisory services to DV01 for which professional fees have been received. In relation to the Transaction, in addition to the fees received in preparing the Report, KPMG has also received \$60,500 in relation to reviews of historical information. No KPMG entity has any interest in the Company.

Remuneration or other benefits received by our representatives

KPMG officers, employees and representatives receive a salary or a partnership distribution from the KPMG Partnership. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let us know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 5 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise you in writing of our response to your complaint.

External complaints resolution process

If we cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (**FOS**) of which we are a member. FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investment Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG has professional indemnity insurance cover as required by the Corporations Act.

Contact details

You may contact us using the contact details set out at the top of the letterhead on the first page of this Guide.

8.0 - Independent Tax Opinion



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26 May 2011

The Directors
DV01 Mechelle Limited
Ground Floor
89 St Georges Terrace
PERTH WA 6000

Dear Sirs

DV01 MECHELLE LIMITED – INDEPENDENT TAX OPINION

- 1 This opinion has been prepared for inclusion in the prospectus dated on or about 31 May 2011 (**Prospectus**) for the subscription of shares in DV01 Mechelle Limited (**Company** or **DV01**).
- 2 The opinion provides a broad summary of the following tax implications with respect to the ownership of shares in DV01 (**Shares**) and the Share buy back facility:
 - 2.1 Australian income tax implications to:
 - 2.1.1 Australian tax resident individual shareholders;
 - 2.1.2 Australian tax resident corporate shareholders;
 - 2.1.3 Australian tax resident complying superannuation fund shareholders; and
 - 2.1.4 Non-Australian tax resident shareholders.
 - 2.2 Australian stamp duty implications.
- 3 This opinion is general in nature and shareholders should seek their own independent professional advice that considers the tax implications in respect of their specific circumstances. DLA Piper Australia is not licensed to provide financial product advice under the Corporations Act 2001 and taxation is only one of the matters that should be considered when making a decision on a financial product. You should consider taking advice from an Australian Financial Services Licence holder before making a decision on a financial product.

ASSUMPTIONS

- 4 This opinion is based on the following assumptions:

DLA Piper Australia is part of DLA Piper, a global law firm, operating through various separate and distinct legal entities.

A list of offices and regulatory information can be found at www.dlapiper.com



- 4.1 Shareholders will hold their interest in the Company directly (that is, not through other types of vehicles such as trusts) and this interest is held on capital account.
- 4.2 The Company was incorporated/registered in Western Australia.
- 4.3 The Company does not hold any land or an interest in land in any Australian jurisdiction.
- 5 This opinion does not consider investors who hold their Shares other than on capital account, such as investors who may carry on the business of share trading.
- 6 The opinion is based on the current Australian taxation, Goods and Services Tax (**GST**) and stamp duty laws as at the date of preparation of the opinion. If there is a change, including a retrospective change, in any of the legislation or its interpretation by the courts, this may affect the conclusions drawn in this opinion. Further, the Commissioner of Taxation may issue public rulings impacting on the interpretation of the issues covered in this opinion. This opinion will not be updated to take into account these developments occurring after the date of this opinion. It is your responsibility to take further advice, if you are to rely on this opinion at a later date.
- 7 This opinion does not constitute our endorsement of the investment or our recommendation of any participation in the Company by an investor and we provide no assurances or guarantee in respect of the successful operation or performance of the investment as outlined in the Prospectus.

AUSTRALIAN TAX RESIDENT SHAREHOLDERS

Taxation of Dividends Generally

- 8 Dividends received by shareholders who are resident of Australia for tax purposes will need to be included in their assessable income.
- 9 Shareholders may be entitled to a 'tax offset' in relation to franked dividends provided certain rules are satisfied. One of the rules provides that shareholders should be able to claim a tax offset for the amount of any franking credits attaching to the dividend where they have held their Shares 'at risk' for at least 45 days (excluding the dates of acquisition and disposal). This rule is complex and there are other tests which must be satisfied before the shareholder can be entitled to the tax offset.
- 10 These tax offset rules are complex and shareholders should seek their own advice in relation to their specific circumstances in determining whether they are able to claim a tax offset.
- 11 Our comments below are provided on the basis that shareholders are entitled to a tax offset.

Australian Tax Resident Shareholders – Individuals

- 12 Individual shareholders who are resident of Australia for tax purposes will need to include dividends in their assessable income in the year in which the dividend is paid.
- 13 Where the dividends are franked, the franking credits attaching to the dividends must also be included in the shareholder's assessable income (that is, the dividend is grossed-up to the extent that it is franked). Individual shareholders will be entitled to a tax offset equal to the amount of franking credits received.
- 14 Individual shareholders will receive a tax offset that will reduce tax payable on other income or result in a refund of the excess franking credits if the franking credits attached to the dividend exceeds the tax payable on their taxable income. Alternatively, individual shareholders will need to pay further tax if the tax payable on the dividend exceeds the franking credits attached to the dividend.
- 15 Where the dividend is unfranked, there is no gross-up and individual shareholders would generally be taxed at their marginal rate on the dividend received.

Australian Tax Resident Shareholders – Corporate

- 16 Corporate shareholders who are resident of Australia for tax purposes will need to include dividends in their assessable income in the year the dividend is paid.
- 17 Where the dividends are franked, the franking credits attaching to the dividends must also be included in the shareholder's assessable income (that is, the dividend is grossed-up to the extent that it is franked). Corporate shareholders will be entitled to a tax offset equal to the amount of franking credits received.
- 18 A fully franked dividend should generally be effectively free of tax to a corporate shareholder.
- 19 Where the dividend is unfranked, there is no gross-up and the corporate shareholder should generally be taxed at the corporate tax rate on the dividend received, with no tax offset.
- 20 Corporate shareholders are also entitled to a credit in their franking account equal to the franking credit attaching to the dividend which can be used to make franked distributions to their shareholders.

Australian Tax Resident Shareholders – Complying Superannuation Funds

- 21 Complying superannuation fund shareholders who are resident of Australia for tax purposes will need to include dividends in their assessable income in the year in which the dividend is paid.
- 22 Where the dividends are franked, the franking credits attaching to the dividends must also be included in the shareholder's assessable income (that is, the dividend is grossed-up to the extent that it is franked). These shareholders will be entitled to a tax offset equal to the amount of franking credits received.



- 23 Complying superannuation fund shareholders will receive a tax offset that will reduce tax payable on other income or result in a refund of the excess franking credits if the franking credits attached to the dividend exceeds the tax payable on their taxable income.
- 24 Where the dividend is unfranked, there is no gross-up and complying superannuation fund shareholders would generally be taxed on the dividend received at the normal rate ie 15%.

NON-AUSTRALIAN TAX RESIDENT SHAREHOLDERS

- 25 Fully franked dividends payable to non-resident shareholders are not subject to Australian dividend withholding tax.
- 26 Unfranked dividends payable to non-resident shareholders will normally be subject to dividend withholding tax. Australian dividend withholding tax is imposed at a rate of 30% unless the shareholder is a resident for tax purposes of a country that has concluded a double taxation agreement with Australia. In these circumstances, the withholding tax is generally reduced to 15% or less.
- 27 Non-resident shareholders should seek their own tax advice in relation to rate of Australian dividend withholding tax applicable to them.

TAXATION OF FUTURE SHARE DISPOSALS

Australian Tax Resident Shareholders

- 28 A resident shareholder may derive a capital gain (or loss) on the disposal of their Shares where the proceeds received on disposal exceed (or are less than) the cost base (or reduced cost base) of their Shares.
- 29 All capital gains and losses for the income year are added together to produce a net capital gain (or loss) for that income year. A net capital gain for an income year is included in the shareholder's assessable income and is subject to taxation in Australia. A net capital loss is effectively quarantined and may generally be carried forward to the next income year to be deducted against future capital gains.

Non Australian Tax Resident Shareholders

- 30 A non-resident shareholder may derive a capital gain (or loss) on the disposal of their Shares where the proceeds received on disposal exceed (or are less than) the cost base (or reduced cost base) of their Shares.
- 31 The non-resident shareholder will not be subject to Australian tax on a capital gain where the non-resident shareholder holds less than 10% of the issued Shares in the Company. Further, based on our understanding that the Company will not principally (more than 50%) hold assets (directly or indirectly) comprising Australian real property for purposes of the non-resident capital gains tax provisions, the non-resident shareholder should not be subject to Australian tax on the capital gain even if the non-resident shareholder holds 10% or more of issued Shares in the Company.

32 Shareholders should seek their own tax advice in relation to whether the disposal of Shares by them is subject to Australian capital gains tax.

33 Further, the impact of relevant double taxation agreements must also be considered.

Capital Gains Tax Concession

34 Individual shareholders, whether resident or non-resident of Australia for tax purpose, may be entitled to a concession on the amount of capital gains tax assessed. The concession is available to all individual shareholders who hold their Shares for at least twelve months prior to disposal. The concession results in only 50% of any capital gain being assessable. Capital losses must be applied first to reduce capital gains before applying the discount.

35 The capital gains tax treatment of Australian tax resident complying superannuation funds is, in general, the same as that set out for individuals, except that the capital gains tax discount is 33 1/3%.

36 This concession is not available to companies.

BUY BACK OF SHARES

37 Where a shareholder agrees to participate in the Share buy back facility, either of the following may apply:

37.1 The Shares may be bought back by the Company (**Share Buy Back**) at the after-tax net asset value per Share as at the last business day of the relevant buy back period (**Buy Back Price**); or

37.2 DV01 Funds Management Pty Ltd may arrange a transaction with a third party to purchase the Shares from the shareholder (**Sale to Third Party**).

38 The Share Buy Back will be subject to the off-market share buy-back rules.

SHARE BUY BACK

Australian Tax Resident Shareholders

39 A portion of the Buy Back Price shall be debited to the Company's capital account and the balance shall be debited against retained earnings.

40 The resident shareholder will be deemed to receive a dividend in respect of the amount debited against the Company's retained earnings. This dividend may be franked if franking credits are available to the Company. If the dividends are franked, this may entitle you to a tax offset. The resident shareholder's assessable amount in respect of the dividend component will be equal to the dividend plus any tax offsets (if any).

41 In respect to the capital portion, the resident shareholder is taken to have disposed of their Shares for capital proceeds equal to the Buy Back Price less the amount which is

treated as a dividend. This disposal may give rise to a capital gain (or capital loss) where the capital proceeds are more than (or less than) their cost base (or reduced cost base).

- 42 Certain shareholders may be entitled to discount their capital gains – please refer to the discussion above under the section ‘Capital Gains Tax Concession’.

Non-Australian Tax Resident Shareholders

- 43 A portion of the Buy Back Price shall be debited to the Company's capital account and the balance shall be debited against retained earnings.
- 44 The non-resident shareholders will be deemed to receive a dividend in respect of the amount debited against the Company's retained earnings. The taxation of this dividend is the same as the discussion above under the section ‘Taxation of Dividends – Non-Australian Tax Resident Shareholders’.
- 45 In respect to the capital portion, the non-resident shareholder is taken to have disposed of their Shares for capital proceeds equal to the Buy Back Price less the amount which is treated as a dividend. This disposal may give rise to a capital gain (or capital loss) where the capital proceeds is more than (or less than) your cost base (or reduced cost base). However, the capital gain realised by the non-resident shareholder may not be subject to capital gains tax in Australia in the circumstances discussed at paragraphs 30 to 33.

SALE TO THIRD PARTY

Australian Tax Resident Shareholders

- 46 This is the same as the discussion under ‘Taxation of future Share disposals – Australian Tax Resident Shareholders’.

Non-Australian Tax Resident Shareholders

- 47 This is the same as the discussion under ‘Taxation of future Share disposals – Non-Australian Tax Resident Shareholders’.

STAMP DUTY

Issue of Shares and Buy Back

- 48 On the basis that the Company was incorporated/registered in Western Australia, the issue of the Shares and the buy back of Shares should not be subject to share transfer duty in any Australian jurisdiction.
- 49 Land rich/landholder duty potentially could be payable if the Company was land rich in any Australian jurisdiction. Based on our understanding that the Company does not hold land or an interest in land in Australia, land rich/landholder duty should not be payable in any Australian jurisdiction on the issue and buy back of the Shares.



Future Share disposals

- 50 The sale of Shares in the Company by the shareholder will not be subject to stamp duty in any Australian jurisdiction.

Dividends

- 51 No stamp duty should be payable on the declaration or payment of a cash dividend. There may be stamp duty implications if there is any in-specie distribution of property as a dividend where that property is located in and is subject to stamp duty in that Australian jurisdiction.
- 52 There will be no GST consequences in respect of dividend payments by DV01 to shareholders.

TAX FILE NUMBER AND AUSTRALIAN BUSINESS NUMBER

- 53 A shareholder is not obliged to quote a tax file number (TFN), or where relevant, Australian Business Number (ABN), to the Company.
- 54 However, if a TFN or ABN is not quoted and no exemption is applicable, tax is required to be deducted on payments made by the Company (including dividends) at the highest marginal rate plus Medicare Levy.

DISCLOSURE OF RELATIONSHIPS AND INTERESTS

- 55 DLA Piper Australia has acted as the tax solicitors to the Company in relation to the Prospectus and prepared this tax opinion. DLA Piper Australia estimates it will be paid by the Company \$1,000 (excluding GST) for provision of this opinion. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, DLA Piper Australia has received fees from the Company in the amount of \$264,987.20 (excluding GST and disbursements).

Yours sincerely



Jock McCormack
Partner
Direct +61 2 9286 8253
jock.mccormack@dlapiper.com

9.0 - Corporate Governance

9.1 Corporate Governance Statement

The Board is committed to establishing an effective governance framework which promotes a sound and prudent management in the interests of all stakeholders. The Company's corporate governance framework has been based on the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with modifications to reflect the size of the Company and the outsourcing of its day to day affairs and investment management to the Manager.

The relationship between the Company and the Manager is critical to the Company's long term success. The day to day management of the Company's activities and the investment activities and strategies have been formally delegated by the Board to the Manager with regular reporting required of the Manager to the Board.

The main corporate governance practices adopted by the Board are set out below and the Corporate Governance Statement is available on the Company's website: www.dvo1.com.

a. The Role and Responsibilities of the Board

The Board has ultimate responsibility to the Shareholders for the overall performance of the Company. The Board represents and promotes the interests of Shareholders with a view to enhancing growth and returns across the Company, adding long-term value to the Shares.

The primary role of the Board is to govern the Company and to do all things necessary to carry out the objectives of the Company. In carrying out its role the Board's main task is oversight of the business and the exercise of all of the powers of the Company which are not required to be exercised in a general meeting.

When fulfilling its roles and responsibilities, the Board will have appropriate regard to the Company's values, the concerns and interest of its Shareholders and relationships with significant stakeholders and the communities and environment in which it operates.

i. Role of the Chairman

Inside the Boardroom the Chairman's role is to provide leadership to the Board and the Company by facilitating the effective organisation and work of the Board and discussions to ensure that the significant issues facing the Company are addressed in a timely manner.

Due to the size of the Company the Board has determined that the Chairman need not be an independent Chairman.

The existing Chairman Mr Gregory Madden is also the managing director of the Manager. He is responsible for ensuring the Manager and the Administrator comply with the terms of the Management Agreement and Administrative Agreement respectively.

ii. Composition of the Board

The Board will review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate to achieve the corporate objective.

The Board will determine the level of remuneration paid to its Directors within any limits approved by Shareholders.

The Board has determined that the current composition of the Board is appropriate and that there is a diversity of backgrounds and collective expertise, necessary to understand the Company's business, the Manager's trading activities and the nature of underlying investments, including their risk and liquidity profile.

iii. Responsibilities and Duties Of Individual Directors

The principal responsibilities of the Board include:

- monitoring the Company's financial performance;
- monitoring adherence to the investment mandate prescribed in the Management Agreement;
- monitoring net asset value calculations;
- monitoring communications and reporting to Shareholders;
- reviewing the appointment and performance of external service providers;
- compliance with laws and regulations;
- approving investment decisions outside the investment mandate prescribed in the Management Agreement; and
- exercising any discretions permissible under the Valuation Policy.

All Directors have:

- common law fiduciary obligations to the Company;
- obligations imposed by the Corporations Act; and
- obligations imposed by the Constitution of the Company.

All Directors must:

- act in accordance with their legal responsibilities;
- recognise that when sitting as a director of the Company the primary responsibility is to the Shareholders as a whole but, where appropriate, have regard for the interests of all stakeholders of the Company; and
- properly manage any conflict with the interests of the Company.

iv. Independent Professional Advice

Directors may seek independent professional advice at the Company's expense, after first notifying the Board. The Board will review the estimated costs for reasonableness, but will not impede the seeking of advice.

b. Board Committees

The Board may establish committees to assist in the execution of its duties and to allow a detailed consideration of complex issues. Given the Company's size, to date the Board has not found the need to establish such committees.

c. External Auditors

The functions normally the responsibility of a separate audit committee such as ensuring that appropriate procedures are in place to identify and report on financial and operational risk associated with the Company's activities are undertaken by the Board as a whole.

All Directors may at any time consult the Company's external auditor on any matter related to the Company's affairs and financial statements.

d. Remuneration Policies

The Board reviews and seeks approval from Shareholders for remuneration prior to the payment of any fees to the Non-Executive Directors.

Executive remuneration expenses of the Manager are not borne by the Company. Greg Madden and Curtis Larson are paid for their services by the Manager.

Craig Hughes and Stephen Robinson receive directors fees from the Company.

Directors do not receive options or bonus payments from the Company for their services as directors nor do they receive retirement benefits in connection with their directorships.

The Company does not have any equity incentive schemes.

e. Board meetings

The Board meets regularly throughout the year to review the Manager's performance and to consider investment strategy or valuation policy outside the terms defined in the Management Agreement and nomination of additional or replacement directors.

f. Financial Reporting – Declarations from the Manager, Administrator and Custodian

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In respect of the monthly financial reports presented to Directors, the Manager is required to make the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant Accounting Standards and Company Valuation Policies;
- That the above statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Manager's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

In addition, the Board requires its Administrator, and the Custodian, to provide copies of their respective auditor's most recent report under GS 007 (Guidance Statement GS 007, Audit Implications of the Use of Service Organisations for Investment Management Services Issued by the Auditing and Assurance Standards Board) or IFRS equivalent. A service auditor's examination performed in accordance with GS 007 provides assurance that a service organization has been through an in-depth audit of their control objectives and control activities, which often include controls over information technology and related processes.

g. Communications with Shareholders

The Company has appointed an Administrator to provide monthly valuation statements to Shareholders. The Manager values the portfolio daily for internal management purposes and posts monthly performance figures on its website. To enhance communications with Shareholders, other important information is also made available to Shareholders on the website including investment strategy, governance practices, audited accounts for the Company and contact details.

10.0 - Material Contracts

10.1 Management Agreement

The Company has entered into a Management Agreement with the Manager to manage the Portfolio on the following material terms and conditions:

a. **(Term):** the Management Agreement is for an initial term of five years expiring on 17 May 2016. The initial term is automatically extended each anniversary for further periods of one year unless either the Company or the Manager provides the other party with at least 30 days written notice prior to the expiry of that relevant year to the contrary. On the giving of such notice by a party, the Management Agreement shall terminate at the expiry of the fourth year following the year that the notice was provided.

b. **(Management Fee):** in consideration for the services provided under the Management Agreement, the Company must pay to the Manager a management fee equal to $1/12 \times 1\%$ of the Pre-Tax NAV (exclusive of GST) calculated and accrued on a monthly basis as at the last Business Day of each month before deduction of any Management Fee and any Performance Fee accrued in the relevant period. The Management Fee shall be paid to the Manager quarterly in arrears within twenty (20) days of the end of each calendar quarter.

c. **(Performance Fee):** the Manager will also be entitled to receive a performance fee (exclusive of GST) equal to 20% of the increase in the Pre-Tax NAV for the Performance Calculation Period above the highest Pre-Tax NAV of that Share as of the end of any Performance Calculation Period (if any) during the immediately preceding 3 years which such Share was in issue (the Pre-Tax NAV High Water Mark). The Performance Fee will be deemed to accrue on a monthly basis as at the last Business Day of each month. The Performance Fee in respect of each Performance Calculation Period will be calculated by reference to the Pre-Tax NAV before making any deduction for accrued Performance Fees.

The Performance Fee is normally payable to the Manager quarterly in arrears within twenty (20) days of the end of each Performance Calculation Period, that is, the Performance Fee is accrued monthly and paid quarterly. However, in the case of Shares bought-back by the Company during a Performance Calculation Period, the accrued Performance Fee in respect of those Shares is normally payable within twenty (20) days of the date of the buy-back.

d. **(Expenses):** the Company is liable for and must pay out of its assets or reimburse the Manager for the following fees, costs and expenses incurred by the Manager in connection with the management of the Portfolio:

- i. fees payable to any securities exchange, the ASIC or other regulatory body;
- ii. all costs, stamp duty, bank account debits tax and legal fees and other duties, taxes, fees, disbursements and expenses, commissions and brokerage incurred by the Company or the Manager in connection with:

- the acquisition and negotiation of any investment transaction or proposed investment transaction;

- any sale or proposed sale, transfer, exchange, maintenance, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment transaction;

- the receipt of income or other entitlements from the investments transactions of the Portfolio; or

- the engagement of a custodian to hold any investment transaction on behalf of the Company;

iii. outgoings in relation to the Portfolio such as rates, levies, duties, taxes and insurance premiums;

iv. any fees which relate to the accounting and administration of the Company or the Portfolio, including but not limited to, accounting fees, audit fees and company secretarial fees;

v. any fees which relate to compliance with the Corporations Act and other regulations, including but not limited to, legal fees and compliance audit fees; and

vi. any costs associated with the provision of information and other assistance to the ASIC relating to the Portfolio, if the ASIC requires information or other assistance under the relevant law.

Notwithstanding the above, the Manager is solely responsible for payment of the fees of any investment manager engaged by the Manager to assist it in the performance of its obligations under the Management Agreement.

e. **(Termination):** the Company may terminate the Management Agreement if at any time during the term of the Management Agreement:

- i. the Manager or any of its directors or servants are found guilty of grave misconduct in relation to the affairs of the Company;
- ii. the Manager's Australian Financial Services licence is suspended or cancelled at any time for any reason;
- iii. the Manager commits a fundamental default or breach of its obligations under the Management Agreement or is in significant breach of any conditions of its Australian Financial Services Licence and such default or breach is not remedied within 30 days after the Company has notified the Manager in writing to remedy that default or breach;
- iv. the Manager enters into liquidation (except voluntary liquidation for the purpose of reconstruction);
- v. a receiver or receiver and manager is appointed to the whole or part of the undertaking of the Manager; or
- vi. the Manager is not lawfully able to continue to provide services to the Company pursuant to the terms of the Management Agreement.

The Manager may terminate the Management Agreement if at any time during the term of the Management Agreement:

- vii. the Company fails to make payment of the remuneration under the Management Agreement and the failure continues for 21 days from the delivery of a written notice by the Manager to the Company requesting payment;
 - viii. the Company enters into liquidation (except voluntary liquidation for the purpose of reconstruction);
 - ix. the Company is guilty of any gross default, breach, non-observance or non-performance of any of the terms and conditions contained in the Management Agreement;
 - x. a receiver or receiver and manager is appointed to the whole or part of the undertakings of the Company; or
 - xi. the Manager has given at least three months written notice to the Company of its intention to terminate, such notice not being given within three years of the commencement date of the Management Agreement.
- f. (Termination by Notice and Termination Fee):** the Company may terminate the Management Agreement prior to the expiry of the initial term of the Management Agreement and other than for the reasons detailed previously under the heading 'Termination', by giving at least three months written notice to the Manager if at any time during the term of the Management Agreement the Shareholders of the Company pass a special resolution approving the termination of the Management Agreement at a general meeting. If the Company terminates the Management Agreement by giving such written notice, the Company must pay the Manager a termination fee equal to the aggregate Performance Fees and Management Fees for the three years immediately prior to termination.
- g. (Company Indemnity):** the Company must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses incurred in connection with the Manager or any of its officers, employees or agents acting under the Management Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the Manager or its officers or employees.
- h. (Manager Indemnity):** the Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, default, fraud or dishonesty of the Manager or its officers or employees.
- i. (Assignment):** the Manager may assign all rights, title and interest in the Management Agreement to a third party with the prior written consent of the Company, which may not be unreasonably withheld or delayed. Consent must not be withheld if the replacement manager holds all authorisations necessary to perform its obligations under the Management Agreement.

10.2 Buy Back Facility

At a general meeting of the Company held on the 5 August 2010, Shareholders approved an equal access Buy Back Facility that allows Shareholders to request that the Company buy back some or all their Shares, subject to the total number of Shares being bought back by the Company each calendar quarter not exceeding 12.5% of the issued capital of the Company. A full set of terms and conditions of the Buy Back Facility and the accompanying Buy Back Facility Information Statement is available from the Manager's website at www.dvo1.com or by contacting the Company on +61 8 9483 5200. The material terms and conditions of the Buy Back Facility are as follows:

- a. (Eligible Shareholders):** all Shareholders are eligible to participate in the Buy Back Facility, subject to the right of the Directors to determine that a Shareholder may not participate in the Buy Back Facility where the laws of Australia, or that of another country, makes that Shareholders' participation illegal, impossible or impracticable;
- b. (Participation):** Participation in the Buy Back Facility is optional and is subject to the terms and conditions of the Buy Back Facility;
- c. (Request for buy back):** a Shareholder may request the Company to buy back some or all of their Shares by lodging the completed election form accompanying the Buy Back Facility with the Manager;
- d. (Buy Back Period):** in respect of the first Buy Back Period, the period ending on 30 September 2010, and thereafter each Buy Back Period is a period of 3 consecutive calendar months, being one of the following periods:
 - i. the period from 1 October to 31 December;
 - ii. the period from 1 January to 31 March; and
 - iii. the period from 1 April to 30 June.
- e. (Election Forms):** faxed executed election forms received by the Manager no later than 5:00pm (WST) on the relevant Closing Date for a Buy Back Period, followed by the original executed election form to the Manager before the end of the relevant Buy Back Period, will participate in that Buy Back Period. Election forms received after these times will participate in the following Buy Back Period. Closing Date means the day that is two weeks prior to the last calendar day of each Buy Back Period.
- f. (Price of Share buy back):** the Company will buy back Shares under the Buy Back Facility at a price equal to the After Tax NAV per Share as at the last Business Day of the relevant Buy Back Period (Buy Back Price). All prices will be calculated to four decimal places;
- g. (Payment):** payment is made within 12 Business Days of the end of the relevant Buy Back Period. The proceeds of the buy back will be in the form of capital and/or dividends or in the form of capital where the Manager arranges a transaction with a third party to purchase the Shares from the Shareholder;
- h. (Minimum buy back):** the Company need not give effect to an election form under the Buy Back Facility in respect of a request to buy back less than 1,000 Shares, unless the buy back is in respect of the entire shareholding of a Shareholder;

- i. **(Maximum buy back – Quarterly Gate):** the maximum number of Shares that can be bought back by the Company in each Buy Back Period is the number of Shares with an aggregate issued capital equal to 12.5% of the issued capital of the Company at the end of the relevant Buy Back Period. Where requests for a buy back exceed this limit, the Company will pro-rata each request to ensure that the Company only buys back a number of Shares equal to this limit;
- j. **(Costs to participating Shareholders):** So that existing Shareholders do not continually bear the transaction costs resulting from the buy back of Shares that are made, the Directors may in their discretion apply a transaction costs allowance to be deducted from the proceeds of the Shares bought back under the Buy Back Facility before payment to participating Shareholders. The transaction costs allowance will be equal to the Director's reasonable estimate fixed from time to time of the pro-rata transaction costs that would be incurred in selling all the Company's assets. The Directors may alternatively determine a reasonable estimate of the actual amount necessary to avoid an adverse impact on other Shareholders due to the disposal of assets carried out because of a particular buy back of Shares and therefore instead apply this as the transaction cost for that particular buy back of Shares; and
- k. **(Modification and termination):** the Buy Back Facility may be varied, modified, suspended or terminated by the Directors (subject to the Company's Constitution and the Corporations Act) at any time by an instrument in writing, and the Directors may settle any disputes in relation to the Buy Back Facility in any manner they deem fit.
- l. **(Statements):** Shareholders will receive a statement detailing their change in shareholding and the composition of the buy back proceeds.

We recommend you seek professional tax advice when considering participation in the Buy Back Facility.

10.3 Administration Agreement

The Company currently utilises an administrator. An administrator is a service provider that provides a wide variety of services to clients, including shareholder services, registrar and anti-money laundering services, reconciliation services, net asset value and fee calculations, and record-keeping functions.

On 1 January 2011, the Company entered into an administration agreement with TMF FundAdministrators (Australia) Pty Limited (**Administrator**) in relation to certain administrative, accounting and share registry services provided to the Company by the Administrator (**Administration Agreement**).

Pursuant to the Administration Agreement, the Administrator is responsible, under the ultimate supervision of the Company, for matters pertaining to the administration of the Company, namely: (i) calculating the Pre-Tax Net Asset Value and After-Tax NAV per Share; (ii) maintaining financial books and records so far as may be necessary to give a complete record of all transactions carried out by the Administrator on behalf of the Company; and (iii) providing share registry services in connection with the issuance, transfer and buy back of Shares in the Company as well as maintaining the Share registry; and other services as agreed on by the parties.

The Administrator is not responsible for any trading decisions of the Company (which will be made by the Manager).

Under the Administration Agreement:

- a. **(Fees):** The Company shall pay the Administrator a monthly administration fee of 10 basis points per annum (0.10%) on the month-end Pre-Tax Net Asset Value of the Company, subject to an annual minimum fee of \$44,500, plus 6% of that monthly amount subject to a maximum of \$350 per month, as well as \$75 per investor subscription/withdrawal.
- b. **(Pricing):** for the purpose of calculating the Pre-Tax Net Asset Value and After-Tax NAV per Share, the Administrator shall, and shall be entitled to rely on, and will not be responsible for the accuracy of, financial data furnished to it by the Manager, the Prime Broker, the Custodian and/or any independent third party pricing services and which is received by it in good faith. The Administrator will not be responsible or liable for the accuracy of information furnished by other persons in performing its services for the Company. The Administrator in no way acts as guarantor or offeror of the Company's shares or any underlying investment, nor is it responsible for the actions of the Company's sales agents, the Prime Broker, the Custodian, any other brokers or the Manager.
- c. **(Indemnification):** the Company has agreed to indemnify and keep indemnified the Administrator, its subsidiaries, affiliates, directors and other officers, shareholders, servants, employees, agents and permitted delegates and sub-delegates under the Administration Agreement (**Indemnified Parties**) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, proceedings, claims, demands, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Administrator or any other Indemnified Parties however arising (other than by reason of its gross negligence, fraud, wilful misconduct or from a material breach of the Administration Agreement on the part of the Administrator or any other Indemnified Parties), in connection with the provision of the services under the Administration Agreement.
- d. **(Limitation of Liability):** in the absence of gross negligence, fraud or wilful misconduct by the Administrator or any other Indemnified Party in the performance of its duties under the Administration Agreement, or a material breach of the Administration Agreement by the Administrator or any other Indemnified Party, neither the Administrator nor any other Indemnified Party shall be liable to the Company, the Manager, any Shareholder or any other person, on account of anything done, omitted or suffered by the Administrator or any other Indemnified Party in good faith in the performance of the services pursuant to the Administration Agreement.
- e. **(General Limitations):** the Administrator will not provide any investment advisory or management service to the Company and therefore will not be in any way responsible for the Company's performance. The Administrator will not be responsible for monitoring any investment restrictions or compliance with the investment restrictions and therefore will not be liable for any breach thereof.

- f. **(Term):** the Administration Agreement is for an indefinite term, provided, however, that the Administration Agreement is subject to termination by the Administrator or by the Company upon ninety (90) days' written notice (or such shorter notice as the parties may agree), or immediately in certain other circumstances specified therein.

The Administrator is a service provider to the Company and is not involved directly or indirectly with the organisation, sponsorship, management or other activities of the Company. The Administrator is not responsible for the preparation of this Prospectus and neither the Administrator nor its officers or employees accepts any responsibility or liability for any information contained in this Prospectus.

10.4 Prime Broker and Custodian

The Company currently utilises a prime broker and custodian. A prime broker is a service provider to the Company that generally provides a wide variety of services to clients, including trade reconciliation, custody services (clearing and settlement), risk management, margin financing, securities lending for the purpose of short selling, record keeping and investor reporting. A custodian is a bank, trust company or other financial institution that holds and protects a fund's assets and provides other services, including collecting money from investors, distributing redemption proceeds, maintaining margin accounts, registering investments and exercising options.

The Company has appointed as its prime broker UBS AG, Australia Branch (**Prime Broker**) and as its custodian UBS Nominees Pty Ltd (**Custodian**) for the Company. Both the Prime Broker and the Custodian are members of the UBS Group of companies based in Sydney. The appointments were made pursuant to the prime brokerage customer documents (the **Customer Documents**) entered into between the Company and the Prime Broker (for itself and as agent for certain other members of the UBS Group of companies (the **UBS Companies**)) and the Custodian. These services may include the provision to the Company of margin financing, clearing, settlement, stock borrowing and foreign exchange facilities. The Company may also utilise the Prime Broker, other members of the UBS Group of companies and other brokers and dealers for the purposes of executing transactions for the Company.

- a. **(Fees):** the fees of the Prime Broker and the Custodian are payable by the Company.
- b. **(Not responsible for investment decisions):** the Prime Broker has no decision making discretion relating to the investment of the assets of the Company and makes no representation in respect of the Company or the investment of the assets.
- c. **(Securing of transactions):** the obligations of the Company to the Prime Broker in respect of any transactions will be secured by transferring to the Prime Broker by way of security title to certain investments, cash or other assets of the Company (**Collateral**). The Prime Broker is entitled to sell, lend or otherwise use any Collateral or the investments of the Company for their own purposes, subject to an obligation to return equivalent securities or cash value. Such Collateral or investments is not segregated from the Prime Broker's own property and may be available to third party creditors of the Prime Broker in the event of the insolvency of the Prime Broker.
- d. **(Settlement):** under the Customer Documents, the Prime Broker is not responsible for and is not liable for any loss on settlement of a transaction (except to the extent that the loss is due to the negligence, wilful default, breach of the Corporations Act or fraud of the Prime Broker or the UBS Companies), any acts or omission of the executing broker, its employees or agents, compliance with any regulatory requirements to report transactions, refusing to settle a transaction or failing to promptly notify the Company of its failure to settle a transaction (except to the extent the Prime Broker's failure to notify is due to the negligence, wilful default, breach of Corporations Act or fraud of the Prime Broker or the UBS Companies).
- e. **(Short selling):** where the Company intends to short-sell securities it is anticipated that the securities will be borrowed from or by the Prime Broker under an Australian Master Securities Lending Agreement (Securities Lending Agreement). Under the terms of the Securities Lending Agreement, the Company may seek to borrow the securities with a borrowing request. If the Prime Broker accepts the Company's borrowing request, the Prime Broker will deliver the securities borrowed to the Company or as the Company directs.
- The Company will have an obligation to redeliver the securities borrowed or equivalent securities on an agreed date or otherwise the Prime Broker may call for the redelivery at any time by giving notice on any business day of not less than the standard settlement time for such equivalent securities. The Company must provide Collateral to secure its obligations under the relevant Securities Lending Agreement. The amount of Collateral is the value of the securities borrowed plus a margin. In the event that the value of the securities borrowed plus a margin exceeds the Collateral provided, further Collateral will need to be delivered so that the Collateral equals the value of securities borrowed plus the margin.
- f. **(Custodial services):** UBS Nominees Pty Ltd will provide custody services for the assets of the Company, including documents of title or certificates evidencing title to investments, held on the books of the Prime Broker as part of its brokerage function in accordance with the terms of the Customer Documents, but excluding assets of the Company which the cash custodian may hold from time to time. The Custodian may appoint sub-custodians, including a member of the UBS Group, for such investments. The Custodian has undertaken to exercise reasonable skill, care and diligence in the selection of any sub-custodian. The Custodian is also responsible for satisfying itself of the ongoing suitability of the sub-custodian, for the maintenance of an appropriate level of supervision over the sub-custodian and confirming by appropriate periodic enquires the obligations of the sub-custodian are competently discharged.
- g. **(Termination by the Company):** the Company may remove UBS AG, Australia Branch as the Prime Broker and UBS Nominees Pty Ltd as the Custodian and appoint another prime broker and custodian in their respective place by giving 30 business days written notice (or such shorter period as the relevant parties agree). The Company is not required to give notice to, or seek approval from, Shareholders before terminating either or both of these agreements. The

Prime Broker and Custodian are also able to terminate their respective agreements with the Company with an equivalent notice period.

- h. (Liability):** neither the Prime Broker, the Custodian nor any other UBS Companies will be liable for any loss to the Company under or in connection with the terms of the Customer Documents unless such loss results directly from the negligence, wilful default, breach of the Corporations Act or fraud of the indemnified person. Except where the Custodian has been negligent in the selection of a sub-custodian, the Custodian will not be liable for the solvency, acts or omissions of any sub-custodians or any other third party by whom or in whose control any of the Company's investments or cash may be held. The Custodian accepts the same level of responsibility for sub-custodians that are related entities of the Custodian (as defined in the Customer Documents) as for their own acts. The Company has generally agreed to indemnify the Prime Broker, the Custodian and the UBS Companies against any loss suffered by, and any claims made against, them arising out of the Customer Documents, save where such loss or claims are due to the negligence, wilful default, breach of the Corporations Act or fraud of the indemnified person.

The Prime Broker and the Custodian are providers to the Company and are not responsible for the preparation of this Prospectus or the activities of the Company and therefore accept no responsibility for any information contained in this Prospectus. Neither the Prime Broker nor the Custodian will participate in the investment decision-making process for the Company.

The Company reserves the right to change the prime brokerage and custodian arrangements described above by agreement with the Prime Broker or, in its discretion, to appoint additional or alternative prime broker(s) and custodian(s) without notice to Shareholders.

10.5 Arranger Agreement

Under the terms of an AFSL Intermediary Arrangement with Valuestream Investment Management Ltd (Arranger) pursuant to Section 911A(2)(b) of the Corporations Act, the Arranger will arrange for the issue of Shares by the Company under this Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

The Company will pay to the Arranger a fee of:

- a.** 0.25% (excluding GST) of the application monies accepted from individual wholesale clients equal to or in excess of \$500,000; and
- b.** 1.25% (excluding GST) of the total of all other application monies accepted under this Prospectus, subject to a minimum fee of \$75,000 (excluding GST) and a maximum fee of \$150,000 (excluding GST).

11.0 - Additional Information

11.1 Rights Attaching to Shares

The rights attaching to the Shares are described in the Constitution and in certain circumstances, affected by the Corporations Act and the general law. A copy of the Constitution can be inspected during office hours at the Manager's office.

The following is a summary of the principal rights of the holders of Shares in the Company. Note that this summary is not intended to be exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders:

a. General Meetings

Each Shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution or the Corporations Act. The Directors must convene annual general meetings in accordance with the Corporations Act, to be held at times to be determined by the Directors. Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

b. Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- i. On a show of hands every person present who is a Shareholder or who represents a corporation who is a Shareholder has one vote;
- ii. On a poll every Shareholder present in person or by proxy, attorney or representative has one vote for each Share held by the Shareholder; and
- iii. A Shareholder is not entitled to vote unless all calls or other sums presently payable by the Shareholder in respect of the Shares have been paid.

c. Dividend Rights

Dividends may be declared only by the Directors. Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends must be declared and paid according to the amounts paid (not credited) in proportion to the total amounts paid and payable (excluding amounts credited) in respect of the Shares on which the dividend is paid. Interest is not payable by the Company in respect of a dividend. The Directors may direct payment of the dividend wholly or partly by the distribution of specific assets, including paid up shares in or debentures of any other corporation.

d. Winding-Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, do either or both of the following:

- i. Divide amongst the Shareholders in kind the whole or any part of the property of the Company and may

for that purpose set a value which he considers fair on any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

- ii. Vest the whole or any part of that property in trustees on those trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder may be compelled to accept any Shares or other securities in respect of which there is any liability.

e. Shareholder Liability

As the Shares offered under this Prospectus are fully paid shares, they are not subject to any calls for money by Directors and will therefore not become liable for forfeiture. The Shares will rank *pari passu* with Shares currently on issue.

f. Transfer of Shares

Subject to the Constitution and the Corporations Act, a Shareholder may transfer Shares to another person by completing a written transfer document or a form approved by Directors which is signed by or on behalf of the Shareholder and the transferee.

g. Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the issued capital is divided into different classes of Shares, the rights attached to a class (unless otherwise provided by the terms of issue of the Shares of that class), may whether or not the Company is being wound up, be varied with the consent in writing of the holders of 75% of the Shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class.

11.2 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no:

- a. Director;
- b. 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;
- c. promoter of the Company;
- d. underwriter (but not a sub-underwriter) to the Offer or a financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director or for services rendered in connection with the formation or promotion of the Company or the Offer.

KPMG Transaction Services (Australia) Pty Ltd have prepared the Investigating Accountant's Report which is included in Section 7 of this Prospectus. The Company estimates it will pay KPMG Transaction Services (Australia) Pty Ltd a total of \$15,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, KPMG Transaction Services (Australia) Pty Ltd has received fees from the Company in the amount of \$60,500 (excluding GST and disbursements).

Steinepreis Paganin have acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$55,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received fees from the Company in the amount of \$2543.70 (excluding GST and disbursements) which includes fees in relation to these services.

DLA Piper Australia have acted as the tax solicitors to the Company in relation to the Offers and have prepared an Independent Taxation Opinion which is included in Section 8 of this Prospectus. The Company estimates it will pay DLA Piper Australia \$1,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, DLA Piper Australia has received fees from the Company in the amount of \$264,987.20 (excluding GST and disbursements).

Valuestream Investment Management Ltd has acted as the Arranger to the Offer pursuant to this Prospectus. The Company will pay the Arranger a minimum fee of \$75,000 (excluding GST) and a maximum fee of \$150,000 (excluding GST) in accordance with Section 10.5 of this Prospectus for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Valuestream Investment Management Ltd has not received any fees from the Company

DV01 Funds Management Pty Ltd has acted as the Manager to the Company in relation to the Company's Portfolio. The Company will pay the Manager in accordance with Section 1.2 of this Prospectus for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, DV01 Funds Management Pty Ltd has received fees from the Company in the amount of \$1,320,596.48 (excluding GST and disbursements).

11.3 Consents

Each of the parties referred to in this section:

- a. does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- b. to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

KPMG has given its written consent to being named as auditor in this Prospectus. KPMG has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

KPMG Transaction Services (Australia) Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 7 in the form and context in which the report is included. KPMG Transaction Services (Australia) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

DLA Piper Australia has given their written consent to being named as the tax solicitors to the Company in this Prospectus and to the inclusion of the Independent Taxation Opinion in Section 8 in the form and context in which this report is included. DLA Piper Australia has not withdrawn their consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given their written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn their consent prior to the lodgement of this Prospectus with the ASIC.

DV01 Funds Management Pty Ltd has given its written consent to being named as the Manager of the Company's Portfolio in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

UBS AG, Australia Branch has given its written consent to being named as the Prime Broker to the Company in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Valuestream Investment Management Ltd has given its written consent to being named as the Arranger to the Offer pursuant to this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

TMF FundAdministrators (Australia) Pty Limited has given its written consent to being named as the Administrator and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

11.4 Expenses of the Offer

The expenses of the Offer (assuming only the Minimum Subscription is achieved) are estimated to be approximately \$354,568 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Amount
Legal costs associated with Prospectus preparation	\$55,000
Independent Tax Opinion	\$1,000
Investigating Accountant's Report	\$15,000
Other document preparation costs	\$15,000
Design and printing	\$12,500
Brokerage and commissions to holders of AFSL's *	\$175,000
Arranger's fees *	\$75,000
ASIC lodgement fee	\$2,068
Miscellaneous	\$4,000
Total expenses of the Offer	\$354,568

Note:

- assuming the Full Subscription is achieved the sum of the items marked with a (*) are expected to increase to \$1,200,000 which will increase the expected total expenses of the Offer to a total of \$1,304,568;
- assuming full Oversubscriptions the sum of the items marked with a (*) are expected to increase to \$1,550,000 which will increase the expected total expenses of the Offer to a total of \$1,654,568
- estimated costs are exclusive of applicable GST.

11.5 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

11.6 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company using the contact details set out in this Prospectus and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at www.dvo1.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

11.7 Related party transactions

Subject to Mr Curtis Larson, a Director, remaining employed full time as an executive director of the Manager until 4 July 2012, Mr Curtis Larson has the option to acquire a total of a further 200,000 shares in the Manager from existing shareholders of the Manager, including 112,000 from the Company, at 50 cents per share.

11.8 Manager ownership

The current ownership of the Manager and proposed ownership of the Manager following the minimum subscription of the Offer being obtained is set out in the table below.

Shareholder*	Percentage held in Manager as at the date of this Prospectus	Percentage held in Manager following the Minimum Subscription being achieved
Greg Madden	50.77%	42.87%
Company	40.00%	40.00%
Curtis Larson	0%	10.00%
Craig Hughes	2.56%	2.27%
Other	6.67%	4.85%
Total	100%	100%

* includes associates as defined by the Corporations Act.

Pursuant to a Shareholders' and Noteholders' Agreement in relation to the Manager, certain shareholders of the Manager (existing and new), including the Company, provided a total of \$350,000 of working capital to the Manager by way of unsecured convertible notes in order to establish an office in Sydney. These convertible notes will convert into fully paid ordinary shares in the capital of the Manager upon satisfaction of the minimum subscription under this Prospectus.

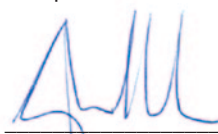
11.9 AFS Licensees

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

11.10 Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Gregory Madden
Chairman

For and on behalf of DV01 Mechelle Limited

12.0 - Glossary

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

Administration Agreement means an administration agreement entered into between the Company and the Administrator in relation to certain administrative, accounting and share registry services provided to the Company by the Administrator as set out in Section 10.3.

administrator means a service provider that provides a wide variety of services to clients, including shareholder services, registrar and anti-money laundering services, reconciliation services, net asset value and fee calculations, and record-keeping functions.

Administrator means TMF FundAdministrators (Australia) Pty Limited (ABN 96 131 370 824).

AFSL means an Australian financial services licence issued by the ASIC under the Corporations Act.

After-Tax NAV per Share means, for a month, the After-Tax Net Asset Value divided by the number of Shares on issue, as calculated at the close of the last Business Day of the month and such other times as the Board may determine.

After-Tax Net Asset Value means the total value of assets of the Company (including but not limited to, estimated Deferred Tax Assets, available for sale assets held at fair value, cash, deposit accounts and instruments, securities and the aggregate mark-to-market value of all investment positions constituting assets) less the total value of all liabilities of the Company (including but not limited to the aggregate mark-to-market value of all investment positions constituting liabilities, provisions for payables, Current Tax Payables, Equalisation Liabilities and estimated Deferred Tax Liabilities) calculated by the Administrator, in Australian Dollars and in accordance with Australian Accounting Standards.

AIFRS means Australian International Financial Reporting Standards.

Allotment Date means the day that Shares are allotted to an applicant.

Application Form means an application form attached to or accompanying this Prospectus.

arbitrage means to take advantage of pricing differences between two identical or similar assets in the same or different markets.

Arranger means Valuestream Investment Management Ltd (ABN 66 094 107 034), AFSL number 246621.

ASIC means the Australian Securities & Investments Commission.

asset class means a category of financial assets (also known as financial products). The major asset classes are shares, property, fixed interest and cash, which in turn can be broken down further to include domestic or international shares, domestic or international fixed interest, direct or indirect property.

ASX means ASX Limited (ABN 98 008 624 691).

benchmark means a reference (security or index) against which a comparison and evaluation of performance of an investment portfolio can be made.

Board means the board of directors of the Company from time to time.

Business Day means a day that is not a Saturday or Sunday and on which the Australian Securities Exchange is open for normal trading.

Buy Back Facility means the buy back facility operated by the Company, details of which are set out in Section 10.2 of this Prospectus.

Clearing Broker means any custodian, prime broker, external broker or banking counterparty that provides a facility to the Company under a clearing agreement, to settle and hold the Company's securities, derivatives, cash, foreign exchange, derivative transactions and margin financing on its behalf.

Company means DV01 Mechelle Limited (ABN 95 061 343 959).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

correlation means a measure of how variables tend to move in relation to each other. Variables that rise or fall together on average are positively correlated and those that move in opposite directions are negatively correlated. Correlations range from -1 (completely negatively correlated) to +1 (completely positively correlated).

counterparty means the opposite party in a bilateral agreement, contract or transaction.

Current Tax Payable means a provision for any tax payable by the Company in respect of a current incomplete financial year.

Current Tax Receivable means a provision for any tax benefits receivable by the Company in respect of a current incomplete financial year.

custodian means a bank, trust company or other financial institution that holds and protects a fund's assets and provides other services, including collecting money from investors, distributing redemption proceeds, maintaining margin accounts, registering investments and exercising options.

Custodian means UBS Nominees Pty Ltd (ABN 32 001 450 522) AFSL number 231088.

Deferred Tax Asset means a provision for any potential future tax benefits receivable by the Company that excludes Current Tax Receivable.

Deferred Tax Liabilities means a provision for any tax payable by the Company that excludes Current Tax Payable.

Depreciation Deposit means the Equalisation Adjustment made to an investor's subscription when the investor subscribes for shares in the Company and the Pre-Tax NAV is below the Pre-Tax NAV High Water Mark.

Depreciation Deposit Crystallisation means the excess value of a Depreciation Deposit after deducting performance fees payable to the Manager that is converted into additional shares for the shareholder.

derivative means a financial asset that derives its value from the price of an underlying asset or a market index.

Director means a director of the Company at the date of this Prospectus.

Diversification means a deliberate strategy aimed at reducing the impact that volatility in one investment will have on the overall portfolio by investing in several investments and asset classes with correlation between each other of less than 1.

Easy to Value Assets means liquid financial instruments currently listed or traded on an official exchange.

efficient market means the assumption that existing share prices always incorporate and reflect all relevant information. If markets are efficient then stocks will always trade at their fair value on stock exchanges, meaning there are no opportunities for arbitrage.

equalisation means a method used to equitably allocate performance fees among shareholders due to inequities in attribution when new shareholders subscribe for shares at different periods of time and price. See Section 2.4 for more details.

Equalisation Adjustment means a mechanism used by the Company to ensure the Performance Fee is levied on any net appreciation made on each Shareholder's Shares during their investment in the Company. The Equalisation Adjustment is either an Equalisation Credit or a Depreciation Deposit.

Equalisation Credit means the Equalisation Adjustment made to an investor's subscription when the investor subscribes for Shares in the Company and the Pre-Tax NAV is above the High Water Mark.

Equalisation Credit Crystallisation means when the Pre-Tax GAV is above the Pre-Tax NAV HWM at the end of a Performance Calculation Period and an Equalisation Credit is converted into additional Shares for the Shareholder.

Equalisation Liabilities means the aggregate value of all Depreciation Deposit liabilities and Equalisation Credit liabilities owed by the Company.

executing broker means a broker or dealer that finalises and processes a transaction in a financial asset on behalf of a client.

Expiry Date means 13 months after the date of this Prospectus or an earlier date determined by the Board in its absolute discretion.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus with the ASIC, or such extended period permitted pursuant to Section 727(3) of the Corporations Act.

financial assets means financial products.

Financial Indebtedness means the sum of any indebtedness for and in respect of monies borrowed and counterparty debit balances, any derivative transactions at any time with a mark-to-market value representing a liability to the Company and any other transaction including short sales which has the commercial effect of a borrowing.

financial products means, generally, a facility through which, or through the acquisition of which, a person does one or more of the following:

- makes a financial investment (see s763B of the Corporations Act);
- manages financial risk (see s763C of the Corporations Act);
- makes non-cash payments (see s763D of the Corporations Act).

Note: See Div 3 of Part 7.1 of the Corporations Act for the exact definition.

Franking Credits means the net balance of any franking debits and credits in the Company's franking account that remains to be imputed to its Shareholders.

Front End Fee means the upfront fee payable to the Manager by the Company per application for the role of lead manager of this Offer. The Manager will on pay this fee amount to any AFSL holder introducing subscribers to this Offer.

Full Subscription means the sum of \$30.0 million raised pursuant to this Prospectus.

fund means a pool of assets from a number of investors which are invested with a common investment mandate and which share a common set of fees and conditions.

fund manager means a manager.

futures or futures contract means a standardised, exchange traded contract for the future delivery or receipt of a specified amount of an asset at a specified price.

Gearing means leverage.

growth stock means shares in a company whose earnings are expected to grow at an above-average rate relative to the market.

GS007/SAS 70 is an auditing and assurance standard for third party reporting.

Hard to Value Assets includes derivatives and private, unlisted or illiquid investments, financial instruments or holdings of the fund that are not recognisable by a market accepted identifier, or are not currently or actively listed or traded on an official exchange.

hedging means transactions entered into (usually opposite transactions within the same asset class or market) that protect against adverse price movements with the transactions and limit the exposure under the transaction to a specific risk.

high water mark means a defined return criteria for a fund, often defined in terms of NAV, for the purpose of ensuring that a fund only takes performance fees on profits once past losses are recovered. If an investment is made and subsequently falls in value, or if performance fees have previously been charged, the fund will only take performance fees if the investment grows above the initial level of investment made or above the level at which previous performance fees have been charged.

High Water Mark means Pre-Tax NAV High Water Mark.

IFRS means International Financial Reporting Standards as issued by the Australian Accounting Standards Board.

Glossary (continued)

index (indices) means a measure of a change in value for a group of assets.

index benchmark means a benchmark which is based on a nominated share, bond or similar market index (such as the S&P/ASX 200).

Initial Offer Period means the period following the date of this Prospectus until the date specified in the table in Section 1.5 of this Prospectus in which applications for Shares can be submitted, following which the application period will be on a calendar monthly basis.

investment means the purchase of a security, derivative or other asset class with an expectation of favourable returns. In general terms, investment means the use of money with the intent of making more money.

investor means those persons, whether they be natural persons or not, and including responsible entities, managers and trustees, in whose name an interest in a fund is registered from time to time.

IPO means initial public offering of securities in a company on a stock exchange.

leverage means the use of borrowings, short sales, derivatives or similar transactions in order to increase exposure to a portfolio of investments. For example, if a manager has assets under management of \$100 million and borrows \$300 million to increase the amount invested to \$400 million the manager has leverage of '4 times'. This refers to the total amount being invested being 4 times the manager's original assets.

Leverage Ratio means the result of dividing the aggregate absolute mark-to-market value of all trading positions by the After-Tax Net Asset Value. For the purposes of this computation, amounts denominated in a currency other than Australian dollars shall be converted to Australian dollars at the spot rate prevailing on the date of such calculation.

Licensee means a holder of an AFSL.

liquidity means the ease with which an investment can be sold, or redeemed, without impacting on its price.

Long Bias means the Manager will have a higher allocation to long positions compared to short positions in the Portfolio.

long position means holding buy positions in an asset and, therefore, a positive amount of that asset.

long / short investment strategy means an approach in which fund managers buy securities whose prices they expect will increase and take short positions in securities (usually in the same sector) whose prices they believe will decline.

Management Agreement means the management agreement entered into between the Company and the Manager dated 17 May 2011, amending and replacing the original agreement dated 15 June 2007, further details of which are set out in Section 10.1 of this Prospectus.

Management Fee means the fees payable by the Company to the Manager, as set out in Section 1.1. for managing and providing services to the Company.

manager means the person or entity that enters into an agreement with the fund to make investment decisions on its behalf, usually on a discretionary basis, in return for a management fee and a performance fee. Also referred to as an "investment manager" or "fund manager".

Manager means DV01 Funds Management Pty Ltd (ABN 82 114 422 758), AFSL number 308697.

mark to market means the valuation of a security, such as a bond, share, or futures contract, at its current market value at the date of valuation.

market means the market in which shares, bonds or futures contracts are issued and traded either through exchanges or over-the-counter markets.

market index means a measurement reflecting the value of a defined group of securities on the market.

market risk means the exposure of investor returns to the risk that exchange rates, share prices, or futures prices move in an adverse manner resulting in a loss or potential unrealised loss.

Maximum Depreciation Deposit means the initial Depreciation Deposit upon subscription or any subsequently reduced value (if any) as a result of paying performance fees or Depreciation Deposit Crystallisation.

Maximum Equalisation Credit means an initial Equalisation Credit upon subscription or any subsequently reduced value (if any) as a result of Equalisation Credit Crystallisation.

Minimum Investment means \$100,000, being the smallest amount an investor is permitted to subscribe for under the Offer, subject to the absolute and sole discretion of the Board.

Minimum Subscription means the sum of \$5.0 million raised pursuant to this Prospectus.

NAV Announcement Date means the date that the After-Tax NAV per Share is announced on the Company's website for a month, being on or before the 15th day of the next month.

Offer means the offer of Shares in accordance with this Prospectus.

option means a financial asset that gives the holder the right but not the obligation to buy (call option) or sell (put option) the underlying asset up to (American option) or on (European option) a defined expiration date for a defined price. An option is a type of derivative.

OTC means over-the-counter.

Oversubscriptions means any amount up to \$10.0 million raised pursuant to this Prospectus that exceeds the Full Subscription.

over-the-counter trading means trading of product between two parties outside of an exchange.

Performance Calculation Period means the calendar quarter from the close of the last Business Day of the preceding Performance Calculation Period to the close of the last Business Day in the subsequent calendar quarter.

performance fee means a fee paid to a fund manager for providing returns on an investment, often referenced to a high water mark.

Performance Fee has the same meaning as set out in Section 10.1.

portfolio means a group of investments managed in accordance with a specified mandate.

Portfolio means the portfolio of investments of the Company from time to time, as managed by the Manager pursuant to the Management Agreement.

position means the amount of a security either owned (long position) or owed (a short position) by an investor.

Pre-Tax Gross Asset Value (Pre-Tax GAV), is the Pre-Tax NAV calculated before the accrual of the Performance Fee.

Pre-Tax Net Asset Value (Pre-Tax NAV) means the Company's After-Tax Net Asset Value plus Deferred Tax Liabilities (if any), less Deferred Tax Asset (if any), plus Current Tax Payable (if any), less Current Tax Receivable (if any), plus Equalisation Liabilities (if any), plus Franking Credits (if any), as calculated at the close of the last Business Day of each month and such other times as the Board may determine.

Pre-Tax NAV per Share means the Pre-Tax NAV divided by the number of Shares, on issue in the Company as calculated at the close of the last Business Day of each month and such other times as the Board may determine.

Pre-Tax NAV High Water Mark (Pre-Tax NAV HWM) is the highest Pre-Tax NAV as of the end of any previous Performance Calculation Period (if any) during the immediately preceding three (3) years for which the Pre-Tax NAV HWM is being calculated, adjusted for dividends (inclusive of franking credits), capital redemptions or subscriptions.

prime broker means a service provider that provides a wide variety of services to clients, including trade reconciliation, custody services (clearing and settlement), risk management, margin financing, securities lending for the purpose of short selling, record keeping and investor reporting. A prime brokerage relationship does not preclude funds from carrying out trades with other brokers, or employing others as prime brokers.

Prime Broker means UBS AG, Australia Branch (ABN 47 088 129 613), AFSL number 231087).

Prospectus means this prospectus.

rate of return means the annual appreciation in the value of a fund or any other type of investment, generally stated as a percentage of the total amount invested (typically the percentage change in Net Asset Value). Sometimes referred to simply as the "return."

redemption/redeem means the purchase and cancellation of Shares in the Company by the Company.

retreating market means a market in which securities prices are generally falling.

returns means the annual appreciation in the value of a fund, often measured as the change in Net Asset Value, or any other type of investment, generally stated as a "rate of return".

risk means, in an investment portfolio sense, the variation or volatility of returns. It is generally measured by the standard deviation of the portfolio returns.

security means a form of contract representing ownership in shares, fixed interest and derivatives.

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

Shareholder means a holder of Shares.

short position means a future obligation to buy back an asset or financial product that has been borrowed and sold or short sold.

short selling means selling an asset or financial product that is not already owned by the Company, and this is generally done by borrowing the asset from another party to make the sale.

S&P/ASX 200 means, within the umbrella of the All Ordinaries Index (a broad top down capital weighted index of 500 companies listed on the ASX based on market capitalisation with no liquidity requirements), a benchmark for replicators where there is both sufficient market capitalisation to ensure a realistic holding and liquidity to ensure that shares can be bought or sold within a reasonable timeframe.

spot means market of immediate delivery of and payment for the product.

traditional equity benchmarks means referencing equity returns for a portfolio relative to an index or benchmark.

unrealised loss means loss on a purchased asset which has decreased in price but has not been sold or a loss on a short-sold asset which has increased in price but which has not been purchased.

unrealised profit means profit on a purchased asset which has increased in price but has not been sold or a profit on a short-sold asset which has decreased in price but which has not been purchased.

value stock means shares in a company that is considered to be trading at a low price relative to its fundamentals (which is based on information such as the company's dividends, earnings power, revenue, assets or liabilities) and is therefore considered undervalued.

wholesale investor has the same meaning given in s761G and s761GA of the Corporations Act.

WST means Western Standard Time, Perth, Western Australia.

General instructions on how to complete the Application Form

Please use BLOCK LETTERS when completing the form.

If you need assistance in completing the application form, please call Greg Madden on +618 9483 5200 or send an email to dvo1mechelle@dvo1.com

Privacy Statement

Personal information provided in the Application is collected by the Company, its Manager and the Company's service providers. Please refer to section Section 2.11 of the Prospectus for further information

A Payment Instructions

If paying by cheque please make your cheque payable to "DV01 Mechelle Limited Share Application Account" and cross it "Not Negotiable". Cheques will be processed on the day of receipt and should accompany the original executed and completed Application Form (either couriered or mailed) to the Manager no later than 5.00pm (WST) at least one business day prior to the end of the last business day in a calendar month.

If payment is made by Electronic Funds Transfer (EFT), the application money should be sent to the bank account specified below. Cleared electronic funds transferred into the Company's account must be received no later than midday (WST) on the last Business Day of each month. Funds must be transferred from a bank account in the name of the subscriber(s) and proof of payment should be faxed or emailed to the Manager with the Application Form no later than 5.00pm (WST) at least one business day prior to the last business day of each month.

The bank account details are as follows:

Bank: Westpac Banking Corporation

For the Account of: DV01 Mechelle Limited Share Application Account

BSB: 036-406

A/C#: 15-9446

Reference: [Shareholder Name]

B Applicant Name(s)

Applications can be made by completing the Application Form and forwarding it to the Manager, at the address details shown below:

By courier: DV01 Funds Management Pty Ltd
Ground Floor, 89 St Georges Terrace
Perth WA 6000

By mail: PO Box 5672
Perth St Georges Terrace WA 6831
Australia

By Email: dvo1mechelle@dvo1.com

By Fax: +61 8 9483 5222

Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporation Act. The name of the beneficial owner or other registrable name may be included by way of an account designation <in diagonal brackets> as described in the examples below.

Type of Shareholder	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name in full, not initials	Mr Michael Mark Smith	M.M. Smith
Joint - Use given names in full, not initials	Mr Michael Mark Smith & Mrs Jean Helen Smith	Michael Mark & Jean Helen Smith
Company - Use company title not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	ABC Pty Ltd <Smith Family Trust> Mrs Jean Helen Smith <Velma Smith>	Smith Family Trust Mrs Jean Helen Smith as trustee for Velma Smith
Deceased Estate - Use trustee(s) personal name(s) - Do not use the name of deceased	Mr Michael Mark Smith <Est John Smith A/c>	Estate of the Late John Smith
Partnerships - Use Partner personal name(s) - Do not use the business name of partnership	Mr Michael Mark Smith Mr John Smith <Smith and Smith a/c>	Smith & Smith Accountants
Superannuation Funds - Use the name of the Trustee of the fund - Do not use the name of the fund	ABC Pty Ltd <John Smith Super Fund A/c>	ABC PTY LTD As trustee for The John Smith Superannuation Fund

C Tax File Number (TFN)

It is not compulsory for Applicants to provide their TFN or claim an exemption. However, if you do not do so, the Company may be required to deduct tax from any unfranked dividends paid to you.

Company applications should include an ACN, ABN, or ARBN as applicable. Regulated Trusts should also include an ARSN. Wholesale trusts should also include the AFSL of the trustee.

D Contact Details

Please enter the contact details. This will assist us if we need to contact you about your application and the email address will be used to forward month end statements, application confirmation and redemption notices.

E Designated Direct Credit Bank Account for Dividends.

Dividends and redemptions will be paid directly by way of electronic transfer into the bank account you specify in Section E of the application form. Payments can only be processed to accounts with the same name as the Applicant (no payments can be made to third party bank accounts).

F AML/CTF Identification Requirements for Shareholders

No further Identification documents need to be provided for applications introduced by an authorised financial advisor, where the advisor has completed Section G of the application form and verified the Applicant's identification.

All other Applicants must submit all relevant identification documentation, as outlined below, along with the completed application form. Certified documents must be written in English.

Investor Type	Identification Documentation
* Individual Identification (for joint Applicants, provide the same information for each joint holder)	<ul style="list-style-type: none">• a Certified copy of an unexpired government issued form of picture identification and date of birth (such as a passport, drivers license, state or territory proof of age card)• a Certified copy or an original document evidencing the residential address of the applicant issued within the preceding 3 months (such as a local utility bill or tax notice) or a Commonwealth, State or Territory financial benefits notice issued within the preceding 12 months.
For General Partnerships	<ul style="list-style-type: none">• a Certified copy of a signed partnership agreement• a resolution Letter of Authority signed by each Partner stating who is authorised to act on behalf of the partnership.• Individual identification documents for each individual partner (as per above *).• Corporate identification documents for each Corporate partner (as per below #).
# Corporations Identification – if a company is a: Private and public unlisted corporate:	For private and public unlisted corporates <ul style="list-style-type: none">• Copy of Certificate of incorporation or registration• Individual identification documents of all Directors (as per above *).• Individual identification documents of all shareholders (other than Directors) controlling more than 25% of the voting equity in the corporate (as per above *).• Corporate identification documents of all corporate shareholders controlling more than 25% of the voting equity in the corporate. (as per above #).• Trust identification documents of all trustee shareholders controlling more than 25% of the voting equity in the corporate (as per below +).
Publicly listed corporates on an ASIC recognised stock exchange:	<ul style="list-style-type: none">• For publicly listed corporates on a recognised exchange a recently published Annual or Interim financial Report and an extract from the stock exchange's website demonstrating listing.
+ Trusts and Trustees – if a trust is a: Registered managed investment scheme or government fund established by legislation. (regulated trusts):	<ul style="list-style-type: none">• For regulated trusts an extract from the relevant regulator's website showing the full name of the trust and, if the trust is established under government legislation, the name of the legislation.
For Superannuation Funds and Wholesale trusts managed by an AFSL:	<ul style="list-style-type: none">• A copy of an APRA/ATO/AFSL registration acknowledgment or a Certified copy of the trust deed.• Individual identification documents of Individual Trustees (as per above *).• Corporate identification documents of Corporate Trustees (as per above #).
Other Trusts, including unit trusts and family and discretionary trusts:	<ul style="list-style-type: none">• A Certified copy of the Trust deed.• Individual identification documents of Individual Trustees (as per above *).• Corporate identification documents of Corporate Trustees (as per above #).• Individual identification documents of beneficiaries or unitholders controlling more than 25% of the distributable income (as per above) or in the case of a discretionary trust a statement of how beneficiaries can be classified such as "relatives of the Trustee".

Who may certify your documents as being "a true and correct copy of the original document"

- Judge;
- Lawyer;
- Notary Public;
- Magistrate;
- Justice of the Peace;
- Police Officer;
- Finance company officer*;
- Full-time employee of a bank*;
- Accountant – a member of the Institute of Chartered Accountants in Australia, CPA Australia or National Institute of Accountants*;
- Postal Agent;
- Full-time employee of a post office*;
- an officer with, or authorised representative of, a holder of an Australian financial services licence*.
- Those persons marked with an asterisk* are required to have two or more years of continuous service or membership.
- The certifier should state their full name, address, telephone number, the date certifying, capacity in which they are eligible to certify and include the statement "I certify this is a true copy of the original document"

