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SUMMARY OF IMPORTANT DATES

Announcement of Rights Issue	30 th July 1999
Application to ASX for official quotation of New Shares	30 th July 1999
Prospectus lodged with ASIC	30 th July 1999
Rights Trading Commences	5 th August 1999
Books close to determine entitlements to New Shares	11 th August 1999
Prospectus and Entitlement and Acceptance Form despatched	13 th August 1999
Rights Trading Cessation	1 st September 1999
Closing date for receipt of applications and payment	8 th September 1999
New Shares allotted and holding statements despatched by:	29 th September 1999

CHAIRMAN'S LETTER

30th July 1999

Dear Shareholder

The Directors of Yardarino Mining NL (Yardarino) announced on 4th June 1999 the intention for a renounceable Rights Issue to raise up to \$1,261,978 and this is confirmed on 29th July 1999 by an announcement to the Australian Stock Exchange. Under the terms of the Rights Issue, shareholders are entitled to subscribe for one Ordinary Share for every two fully paid Ordinary Shares held at an issue price of 10 cents for each New Share. The issue is fully underwritten.

The money raised by this Rights Issue will be used to establish an Internet business, Indigo Networks, and to fund the Company's exploration of mining projects. This new Internet business will be a counter to cyclical slumps in the minerals market.

The Company will take a strategic position in the exciting high growth business of the Internet by investing in the start up of a new Internet Service Provider (ISP) in Perth, staffed with highly experienced ISP people and equipped with the very best and latest equipment. This new ISP Business will be well placed to take up opportunities for providing new Internet services, including business commerce carrier provisions and net based world roaming which will provide clients with the ability to make connections from anywhere in the world using their mobile phone and laptop computer at the cost of a local call avoiding expensive long distance call charges applied by normal telephone providers.

The Company's investment in this new ISP Business will be through a business division named Indigo Networks.

I urge you to join with your directors supporting this Rights Issue in order that we can progress your Company in our proposed Internet services development.

Yours sincerely

Tony Rechner
Chairman

IMPORTANT NOTICE

This Prospectus is dated 30th July 1999. A copy of this Prospectus was lodged with the Australian Securities and Investment Commission on 30th July 1999. The Australian Securities and Investment Commission and the Australian Stock Exchange Limited take no responsibility as to the contents of this Prospectus.

No securities will be allotted or issued on the basis of this prospectus later than 6 months after the date of issue of this Prospectus.

No person is authorised to give information or to make any representations in connection with this Prospectus, which is not contained in this Prospectus. In making representations in this Prospectus regard has been made to the fact that the Australian Stock Exchange Limited maintains a file containing publicly disclosed information about the Company, that the Company is a disclosing entity for the purpose of the Corporations Law, and certain matters may reasonably be expected to be known to professional advisers of any kind whom potential investors may reasonably be expected to consult.

This is an important document. Before deciding to apply for New Shares you should consider whether they are a suitable investment for you. Persons wishing to subscribe for the New Shares offered by this Prospectus should carefully read this Prospectus and consult their professional advisers for the purpose of making an informed assessment of the offer of shares under this Prospectus.

The directors of the Company consider this to be a speculative investment.

1. INTERNET SERVICE PROVIDER (ISP) BUSINESS

The directors decided that the Company should have a further line of business to counter cyclical slumps in the mineral markets provided such a business is complementary to mineral exploration and mining. Being aware of the new Internet phenomenon they have carried out market research and assessments of various proposals to be involved in the Internet Service Provider (ISP) business.

The Internet Service business is totally consumer driven with high growth and a large potential market with opportunities for new products and services. The directors believe that the first step is to invest in the set up of a new ISP business using the latest and best equipment, technology and serviced premises in Perth's CBD. The recruitment of experienced ISP operators is crucial to the venture and the Company has engaged two such young men who have a collective experience of nine years in this new business. The directors of the Company will provide business planning and financial control.

An initial investment is planned through a new business division. Business costs have been calculated and sales revenues estimated. Financial projections indicate that break-even can be achieved on approximately 1,000 users being connected to the internet following which results are expected to become cash positive.

Entry into the ISP business and successful operation positions the company to take up opportunities to develop and provide new leading edge Internet and IT products and services.

World Wide Web: Pace of Takeup

While it took the telephone close to 75 years to reach 50 million users, it has taken the World Wide Web (WWW) only four years to reach the same number (see Figure 1).

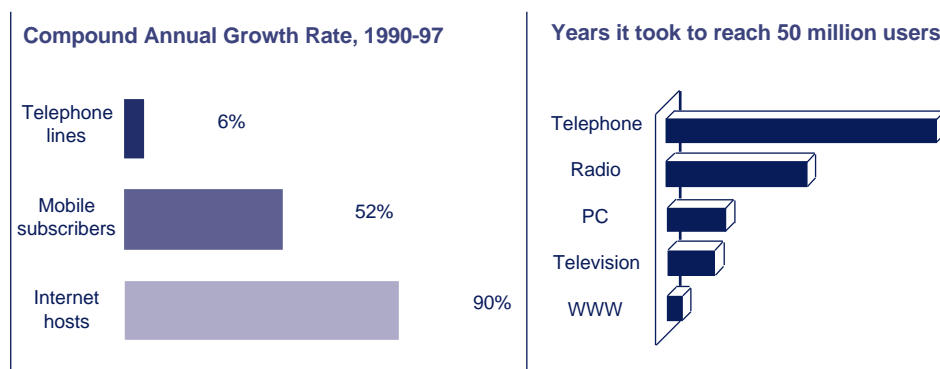


Figure 1 – World Wide Web – growth in users

To date, the focus has been on connectivity, primarily to access the World Wide Web. The next wave that is gaining momentum is the demand for E-Commerce based services which relies on connectivity to the Internet.

Market Potential for Growth: E-Commerce - Driving the demand for Internet connectivity

E-commerce represents every type of business transaction in which the participants (i.e. suppliers, end users etc.) prepare or transact business or conduct their trade in goods or services electronically.¹

The scope of e-commerce is wide, covering all forms of electronic processes. Online technologies are the most significant facets of e-commerce and include Internet retailing, Electronic Data Interchange, Internet banking, electronic settlements and browsing and selection of products and services over the Internet.

Australia is well placed to take advantage of the networked economy, ranking third behind Finland and the US in terms of per capita use of the Internet as illustrated in Figure 2.

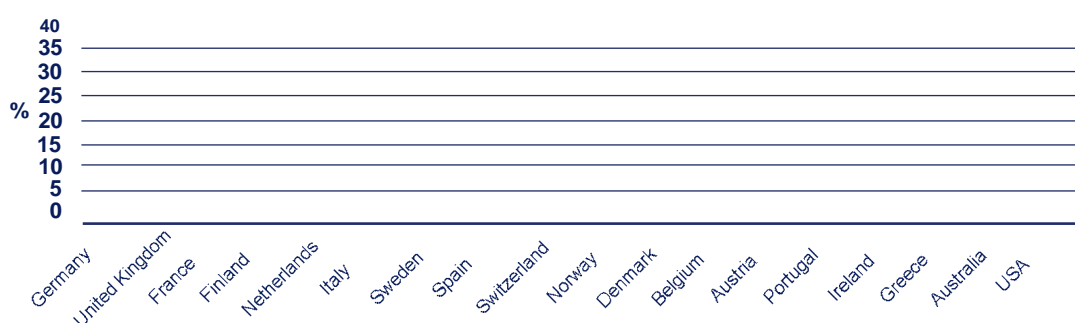


Figure 2—Per capita Internet usage ²

Given Australia's history of rapid take up of business technologies like faxes and mobile phones, it is likely that we will emulate Internet trends in the US and learn from their experience.

The business sector already does a considerable volume of its business electronically. In 1997, there were about 1.5 billion electronic transactions in Australia. While these were only about seven per cent of all transactions, they accounted for around 65 per cent, or \$16 trillion, of the total value. Much of this occurs in the financial services sector using closed networks, though the use of Virtual Private Network (VPN) services is growing as more sophisticated services are being made available by ISPs.

There are about 10,000 businesses in Australia using various Electronic Data Interchange (EDI) platforms as the basis for their supply chains. At the centre of these EDI networks are often large companies who have set up these systems to deal with their many suppliers and retailers. These arrangements account for a very high value of e-commerce.

¹ Source: Challenges To The Network – Internet For Development, published February 1999, International Telecommunication Union.

Information provided in this and the following five paragraphs provided by kind permission of the Commonwealth Department of Communications Information Technology and the Arts; Australia's e-commerce report card, April 1993 p3-p6. It should be noted that some of the information contained in the report card is gathered from other sources, and as such the Commonwealth can give no warranty as to its accuracy. This information was prepared for a "report card" on e-commerce and not for the purposes of a sharemarket float and accordingly no person should place any reliance on it for that purpose.

² Source: Bluesky International Marketing, 1998, <http://www.blueskyinc.com/webpopl.html>

By contrast, consumer use of Internet commerce is in its infancy—Australian consumers spend about \$100 million a year on the Internet which represents less than 0.1 per cent of total retail sales. While the figures for Internet commerce, both business-to-business and business-to-consumer, are currently low, it is important to note that the growth rate is rapid. The US, which leads the world in Internet commerce illustrates the trend in Figure 3.

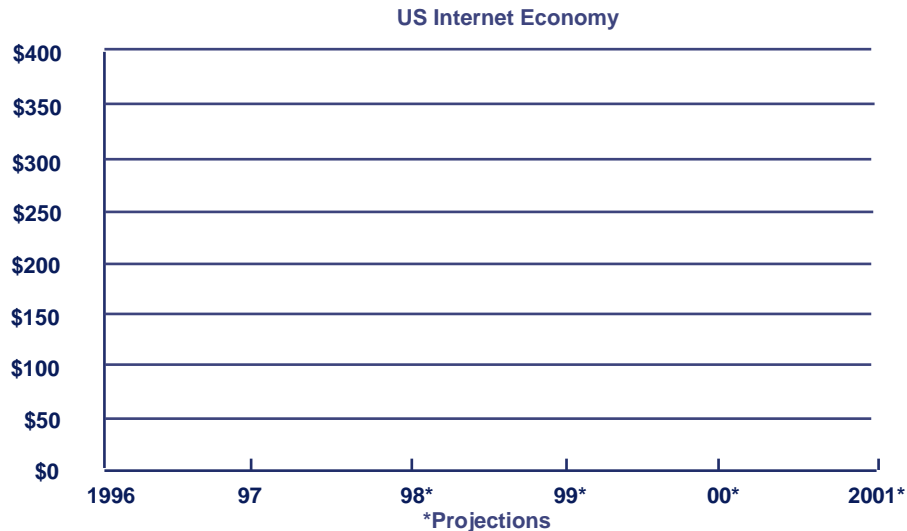


Figure 3 - US Internet economy³

The increasing pace towards an inter-connected society can be likened to the historical achievements pioneered by Western Union in the US who completed the first overland telegraph line in 1860. This led the way to an explosion of communications that accelerated business and social interaction throughout the continent, changing the way people lived and worked. Today, we are witnessing a similar phenomenon and the early days of a revolution as significant as any other in human history. Society is now in the midst of change comparable to the industrial revolution of the 19th century. A new medium of human communication is emerging, one which may prove to surpass all previous revolutions - the printing press, telephone, television, computer - in its impact on our economic and social life⁴.

³ Source: The New Economy Index, 1998, http://www.dlcpipi.org/ppi/tech/neweconomy_site/section3_page01.html

⁴ The Digital Economy, Preface - Promise and Peril in the Age of Networked Intelligence, Don Tapscott, McGrawHill, 1996

According to the new eGlobal Report, 35.2 million people worldwide will come online this year, bringing the total number of active Internet users to 130.6 million, greater than the entire population of Japan.

The report, released in June 1999 by eMarketer, states that the number of active net users will climb to 350 million by the year 2003, a 267% increase from the 95.4 million people who were actively using the net at year-end 1998.⁵

There are more than 28 million computers connected to the Internet, and that number is doubling every 100 days.

Worldwide Internet Users, 1998 - 2003

350 Million

250

150

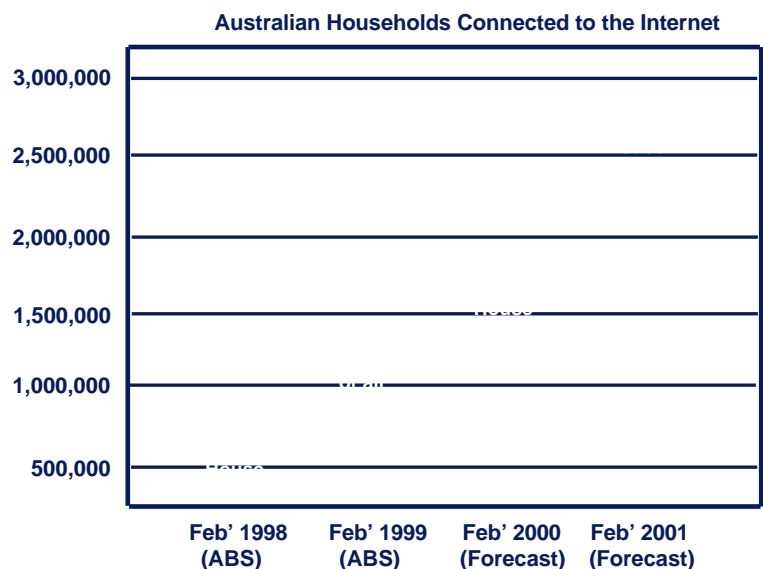
50

1998	1999	2000	2001	2002	2003
Source eStats. 1999					

Australian Bureau of Statistics Report on Continued Growth in Home Internet Use⁶

The number of Australian homes connected to the Internet has leapt almost 50% in the twelve months leading to February 1999, representing a total of 1.3 million households or one in five homes. This compares with 13.5% of homes, or 877,000 in February 1998 and amounts to a 50% increase.

By the February 2001 it is reasonable to expect nearly 3 million households, representing 45% of total Australia, will have Internet access.



⁵ Source: eMarketer - http://www.emarketer.com/estats/062999_eglobalrpt.html

⁶ Australian Bureau of Statistics 30th June 1999: Continued Growth In Home Internet Use.

Public and Private Sectors Harnessing E-Commerce and the Internet

In the US, new economy magazine Business 2.0 recently completed the equivalent of the Fortune 100 for Online Businesses. Their survey was based on Net-based revenue as a percentage of total revenue. They identified a remarkably diverse range of businesses that made up the top-100. Approximately two-thirds were not pure Internet companies and many didn't exist five years ago. Prevalent industries include retail (21 companies), high-tech manufacturing (14), financial services (13), media/publishing (14), and travel (9). Seventy-four of the companies were public. Their combined market value equals \$6.7 trillion; Web revenue totals \$48.3 billion. While only 36 of the companies are primarily business-to-business, the lion's share of the revenue is theirs (71 percent, representing \$34.2 billion).⁷

Anecdotal evidence suggests a similar outlook for Australia with Online Services predominantly being driven by business-to-business initiatives such as online purchasing and payments in the first instance with a ground swell of business-to-consumer based services gaining momentum at the same time. Early indications suggest that business in general will benefit from E-Commerce with specific sectors industry sectors taking the lead. Commonwealth Government research has identified several economic imperatives for increasing the uptake of e-commerce in the Australian business sector, such as:

- lowering the cost of doing business through lower transaction costs and faster and more efficient payment from suppliers and/or customers which increases cashflow;
- the competitive business advantages afforded by e-commerce such as opportunities to adopt new business models and to develop and tailor more efficient customer support;
- reductions in inventory lowering the holding costs of goods;
- expansion to potential market reach;
- increasing speed to market; and
- 'trickle down' effect through a supply chain as suppliers come online.

Some sectors already using E-Commerce include:

Online Share Trading: Several services are now available which is being spurred on by an increase in "day traders". Amongst these services include E*Trade which is estimated to have over 500,000 active accounts and more than 5 million client trades to date world-wide.⁸

Online Banking: Most of the leading banks in Australia have announced or have implemented plans for online banking services. In Western Australia, BankWest has announced an Online Banking service that will safely and securely enable customers to access bank accounts 24 hours a day, seven days a week. Services include account balance and transaction information, BPAY® bill payments, funds transfers, credit card payments, statement and cheque book ordering.

⁷ Source: Business 2.0 May 1999 Edition.

⁸ Source: www.etrade.com

Online Retail: Popular items already bought Online include computer-related products, books, clothing, recorded music, gifts, home electronics, travel, music and videos, with books, music and gifts such as flowers and confectionary all recording strong growth since 1997. Supermarket chains in Australia are working together through the Australian Supermarket Institute to standardise on a common catalogue that will have a unique code for each item which can be used by suppliers, distributors and retailers. . A recent independent report found that some savings have already been made but annual operating costs could be further reduced by \$1 billion and inventories cut by \$750 million.⁹

Online Government: All States in Australia and the Commonwealth Government are implementing E-Commerce strategies to accelerate the take-up and many government agencies are already well advanced with implementing e-commerce-based services. Recognition by Government of the importance of E-Commerce is growing fast, increasing each month as Commonwealth, State and Local governments take up the challenge of delivering Online Services through innovative methods and mechanisms. Already, it is possible in some States to pay bills such as water, electricity and rates as well as renew licences and order copies of forms such as birth certificates. It is anticipated that a large percentage of government services will be Online by 2003.

⁹Department of Communications Information Technology and the Arts: Australia's e-commerce report card, April 1999

Business Imperatives for using E-commerce

Business in the Information Age presents increasing opportunities as emerging technologies change the way people do business and work together. Globalisation and the new economy are being driven by powerful E-Commerce services and supporting tools through the Internet. In a recent article, US based new economy magazine Business 2.0¹⁰ identified the following ten driving principles of the new economy:

- 1. Matter:** Although it's becoming cliché, it's the key to the New Economy: Processing information is dramatically more powerful and cost-effective than moving physical products. Increasingly, the value of a company is to be found not in its tangible assets, but in intangibles: people, ideas, and the strategic aggregation of key information-driven assets.
- 2. Distance has vanished:** Geography has always played a key role in determining who competed with whom. Now your business can connect instantly with customers all over the globe. Conversely you're exposed to worldwide competitors as well. The opportunity-and the threat-has never been greater. As an example, during the last three years, Amazon.com has sold books to 1.5 million people in 160 countries
- 3. Time:** It's collapsing. Instant interactivity is critical, and is breeding accelerated change. In a world of instantaneous connection, there is a huge premium on instant response and the ability to learn from and adapt to the marketplace in real time. Winning companies accept a culture of constant change and are willing to constantly break down and reconstruct their products and processes-even the most successful ones. As an example, Dell Computer has revolutionised PC sales by offering machines built directly from buyers' requests.
- 4. People:** Although brain power can't be tallied on a ledger sheet, it's the prime factor driving the New Economy. More than ever in history, huge value is being leveraged from smart ideas-and the winning technology and business models they create.
- 5. Growth:** It's accelerated by the network. The Internet can dramatically boost the adoption of a product or service by "viral marketing," network-enhanced word of mouth. Communication is so easy on the Web, product awareness spreads like wildfire. So once a company reaches critical mass, it can experience increasing returns leading to explosive growth. This principle means that in the New Economy, first-mover advantages are greater than ever.
- 6. Value:** It rises exponentially with market share. For products that help establish a platform or a standard, the network effect is even more pronounced: The more plentiful they become, the more essential each individual unit is, a striking exception to the economic rule that value comes from scarcity. In addition, some companies give away their products to establish market share, then sell linked services later on. Network effects were experienced historically in the adoption of telephones and fax machines. The difference today is that because everyone is linked, far more products and services gain their value from widespread network acceptance.

¹⁰ Courtesy of Business 2.0 - Imagine Media, Inc, USA. <http://www.business2.com>

7. Efficiency: The middleman lives. “Infomediaries” replace intermediaries. Traditional distributors and agents are seriously threatened by a networked economy in which buyers can deal directly with sellers. But a new brand of middleman is being created. They offer aggregated services, or intelligent customer assistance, or powerful technology-based buying aids, or an attractive, community-based buying environment.

8. Markets: Buyers are gaining dramatic new power-and sellers new opportunity. It’s no longer necessary for your customer to walk down the street to compare prices and services. Your competitor may just be a mouse-click away.

9. Transactions: It’s a one-on-one game. Information is easier to customise than hardgoods. The information portion of any good or service is becoming a larger part of its total value. Thus, suppliers will find it easier and more profitable to customise products, and consumers will begin to demand this sort of tailoring.

10. Impulse: Every product is available everywhere. The gap between desire and purchase has closed. The shelf space of the World Wide Web is unlike any other in that it has no bounds. Artificial constraints on choice are replaced by the ability to purchase the precise product you desire. The impulse to buy and the purchase itself used to be separated by a combination of physical and mental barriers. When you heard a song on the radio, you had to both remember the song or the artist and actually go to a store to purchase. Online, it’s different. Discover a product you desire, and just hit the “buy” button. Consequence: The processes for marketing, sales, and fulfilment are merging.

Indigo's Vision: Meeting the Demand for E-Commerce and Internet connectivity

The examples above illustrate there is significant market potential for growth. Regardless of the many paths that organisations pursue to achieve E-Commerce, one fundamental element will be intrinsic to all organisations – the provision of a quality and reliable Internet service that has high availability and connectivity.

Our vision is to provide a highly available, reliable and quality service that will make connectivity to the Internet as easy and natural as making a phone call.

Technology Investment Strategy: Scalable Provision for Growth and Competition

Many ISPs have grown incrementally, gradually building up their customer-base to a threshold that can be adequately serviced, re-investing profits to keep up with technology which enables them to service further customers. A key issue with this approach is the technology rapidly becomes obsolete as newer products become available which results in a competitive leap-frogging cycle whereby ISPs continually try to stay marginally ahead of demand and competition. Another issue is that many ISPs are unable to purchase surplus capacity when procuring the required technology due to lack of available capital. A key strategy is to invest in “scalable” technology, which can easily accommodate growth that is commensurate with demand.

Indigo will avoid this trap by investing in advanced, scalable equipment that will ensure a robust growth path for a sustainable operation.

Indigo's Service: Meeting the Demand for E-Commerce and Internet connectivity

Set-up and implementation of the service is expected to take approximately two (2) months including Telstra services and hardware delivery times.

Office space in a state of the art, communications specific designed building within the CBD boundaries in Perth containing direct access to several carriers, including Optus, Paradox, and Telstra, along with Western Australian Internet Exchange (WAIX) is being selected. This has advantages in providing a competitive edge in choice and direct access to carriers resulting in major connectivity cost savings in linkage charges.

Following establishment of the business it is proposed to set points of presence in capital cities around Australia, thereby increasing exposure to market share and profitability.

The services shown below represent a range of initial and future services that demonstrate the breadth and viability of the business.

1**Internet Access Provision**

Accessing the Internet requires the use of advanced telecommunications equipment and facilities. In order to provide customers with a broad range of Internet connectivity services, the following types of Internet access will be offered:

- Periodic dial-up modem and ISDN access
- Permanent modem and ISDN access

A series of pricing options will be provided that will cater for the entire spectrum of the market from the budget home user through to the heavy corporate user. Corporate use will focus upon the mining industry and solutions for large companies.

By initially focussing on Internet Access Provision, Indigo will be in a position to provide additional value-add services to its potential and existing client base.

2**Web Site Hosting Service**

In order for an organisation to have a permanent presence on the Internet, a web site is required. Rather than a customer operating and maintaining their own computer system that feeds the web pages to other Internet users, Indigo will operate a highly competitive web site hosting service that will provide a managed high-speed “virtual” server to provide web pages 24 hours a day, seven days a week. As the service expands, advanced web site features such as encryption and credit card processing may be developed.

In addition, Indigo will be able to offer “co-location” facilities whereby companies can situate their Internet servers at Indigo’s secure, environmentally-controlled computer room and enjoy high-speed access to the Internet. This type of service can be directly marketed to content providers that require a professionally operated server area whilst retaining direct ownership of the actual server.

3**Web Site Design**

Web design translates a client’s corporate profile and product or service information into effective marketing material suitable for the Internet. Indigo will either resource this service in-house or establish strategic partnerships with organisations that are already advanced in this area.

4**Web-based e-mail**

Traditionally, Internet users require a piece of software called an “e-mail client” that is based on a single PC to read and send e-mails. The web-based e-mail service removes the need for customers to operate this type of software. Rather, they will be able to read and send e-mails using a normal web browser reducing the cost of their own investment and making e-mail accessible through mobile devices such as Personal Digital Assistants (PDA) or advanced mobile phones which can e-mail.

Customers that access their e-mail from multiple computers or while travelling will make extensive use of this service.

5

Global Faxing

Rather than clients using expensive long-distance telephone calls to send faxes, Indigo will investigate the use of global faxing servers that use the Internet as the intermediate mechanism for transmitting pages. Global faxing is achieved by positioning an array of servers at popular cities and country destinations, which use local telephone calls to deliver the faxes.

6

Dial Up ISDN

ISDN connections offer greater speeds than current analogue modems can provide. However, ISDN connections are usually only available for permanent clients. Indigo will provide a service that offers users with ISDN the capability of periodic dial-up at far higher speeds than a normal modem but without the high cost usually associated with permanent connections to the Internet.

This service will be marketed to the premium end of the dial-up market such as company directors, high-level managers and geographically within prosperous neighbourhoods.

7

Global Roaming

Indigo will investigate Global Roaming which operates by allowing customers to dial-in (using a local call) anywhere in the world without subscribing to a new Internet Service Provider for every location that Internet access is required.

Customers wishing to take advantage of this service will need to have software installed on their lap top computer or handheld personal notepad/planner. Once selected the program will then pick the closest roaming partner and dial. The customer will then dial in with the same username and password that he/she uses from their usual place of work or home.

The customer will incur extra charges to use this service which will be billed to their Indigo account, but will not have to pay high international telephone charges.

8

Gaming Server

Gaming servers can be used to attract home users to the service and allow them to compete against other users with the latest popular games. The time spent online playing games with Indigo is cost-effective in that very little Internet-destined traffic is generated – all of the traffic remains local to Indigo. Common online games such as Quake II and Quake III: Arena will be used and updated as demand requires. Indigo can promote these services in order to target the market interested in online gaming.

9

Traditionally, Internet connectivity is provided through carrier services such as a standard telephone lines and ISDN links. An opportunity exists and will be pursued to approach tenants with a reasonably high-speed link into the building and use inexpensive internal building cabling to each tenant, at a much lower cost to each tenant. In addition, this type of connectivity tends to lock-in the customer to using Indigo due to ease of maintenance and presents additional opportunities for more value-add services. Indigo will pursue the feasibility of this connectivity as its service matures.

10**Computer Consultancy**

Most Internet-connected organisations and customers do not have the background or experience necessary to successfully install their connection to the Internet. As a value-added service, Indigo will be able to provide highly trained and skilled technical staff to visit them on-site for Internet / Software training or be advise on how best to setup a network for their home or office. Indigo will also be able to configure, setup and maintain corporate Intranets and connection to the Internet. Therefore, Indigo will be well positioned to earn additional revenue and enhance the relationship with their clients.

11**E-Commerce Services**

Indigo will research and evaluate a range of value-added E-Commerce services during the first year of operation and identify specific opportunities that can offer extra value to customers. As more customers connect to the Indigo service, additional E-Commerce services will come online, adding to the depth and breadth of services that extend beyond connectivity.

Marketing

Research has shown that the Internet business is an expanding market particularly with the increase of Electronic Commerce use. There are already more than a million commercial users of the Internet in Australia and over 55,000 Australian businesses have their own Web site – double the number in 1996. Many well know names in Western Australian business have invested in E-Commerce, with very innovative approaches to selling themselves to the world.

A vigorous marketing campaign will be carried out using multiple media such as advertisements, mail drops, electronic media, Yellow Pages and to suppliers of computer software and hardware.

Indigo will establish a reputation for reliability and quality thereby attracting customers that want the predicability and ease of getting a connection with minimal disruption once online.

Indigo will develop strategic relationships with key suppliers of E-Commerce solutions, building a solid foundation that business partners can trust, want to use and promote to their own customers. Joint marketing initiatives may include combined bidding on State-Wide contracts, combined marketing and advertising and sharing booths and display equipment for trade shows.

An ongoing “emerging technologies” programme will identify new technologies that will form the basis of new services. Where appropriate, new services will be brought on-stream and represent niche offerings that will differentiate Indigo from other ISPs.

BREAK EVEN ANALYSIS

Financial Planning

As part of business planning for the new ISP business the directors have had Company staff carry out detailed pricing of services to calculate revenues and detailed costing of operating expenses.

Revenues

Pricing of internet signup fees and continued internet connection fees for user/subscribers are typical of those fees now being charged by Western Australian ISPs. The Company is unable to charge more and will not adopt a policy of undercutting but rather a policy of charging current market prices for service value in terms of quality as well as quantity of service. There is an assumption that sign up fees proportion of revenues is higher below 2,000 users than after. Thereafter more higher fee services are sold.

The key to future revenues is signing up and retaining user/customers. The marketing section above addresses this. However the Indigo Networks business is to be started new with no history of results and therefore, the estimation of future revenues is based on the assumption that Indigo will get a small portion of the indicated overall national growth by virtue of its marketing efforts. The directors are confident that 3000 users, could be obtained and retained over the next two years. Other WA ISPs have achieved more than this over the last two to six years (23,000 in the case of one over 6 years) but 3000 is a conservative estimate whilst the Company target will be twice this.

Indigo has compared its business plan to a major Perth based Internet Service Provider and proposes to set up in the same C.B.D. building with similar internet links and hardware. The “legal and regulatory manager” of the company was quoted in the West Australian Newspaper on 29 July 1999 that they “aim to double its market share during the next year, in line with the group’s growth pattern since it started”. The ISP has 23,000 plus customers which is projected to double “during the next months”.

Operating Costs

Variable: These include the costs of telecommunications which rise with activity. Also included are equipment and software maintenance costs which grow as the business expands.

Fixed: These include premises, staff and office costs. These costs remain fixed until business size increases to the point when more staff and accommodation are required so that fixed costs then step upwards, quickly if the business is expanding rapidly.

Capital Costs

The cost of equipment to start up the business is estimated at \$190,000. Additional server equipment costing \$56,000 will be required at every point when another 800 users are signed up.

Depreciation is calculated at 30% per annum on prime cost and is included in fixed costs.

Initial Profit Point

In the scenario where 3000 users are obtained over two years but allowing for a lower rate of signup in the first year (to give a total of 1,060) and a rate of about 162 additional users per month to provide 1,940 in the second year, then initial profit point, where revenues exceed both variable and fixed costs, is achieved in month 12 when 1,000 users are obtained.

Operating Results

Losses, incurred up to break-even point (1,000 users by 12 months) as the business grows, total \$127,000. Thereafter profits are generated and will increase as the business expands assuming prices able to be charged remain the same.

Financial Projections: Annualised results at User Numbers:

Number of users	0	500	1,000	2,000	3,000
Revenues \$'000	0	283	504	883	1,261
Fixed Costs \$'000	(263)	(283)	(421)	(608)	(800)
Variable Costs \$'000	0	(41)	(82)	(151)	(221)
Profit (loss) before tax \$'000	(263)	(41)	1	124	240

Financing

The initial capital expenditures, \$190,000 plus start-up operating losses, \$127,000, total \$317,000 and will be financed by the allocation of \$400,000 of new capital funds for the business. This allows \$83,000 for working capital. Operating cash flows cover the capital costs of additional equipment requirements caused by growth up to 3,000 users.

Summary

The reliability of this financial projection depends on the validity of the assumptions on which it is based. These are described above and are the best estimates possible on hypotheses adopted by the Directors with the knowledge they have obtained about the new business of internet service provider.

The critical assumption is that of the number of user customers that can be obtained by positioning the new Indigo Networks in the business and marketing to a plan. The likelihood of achieving the figure in this financial projection, whilst not absolute, is believed by the Directors to be more than less likely.

If the assumptions vary, particularly in the matter of obtaining user/customers fast enough to achieve break-even in month 12 then either losses incurred will rise if there is a delay or be reduced if break-even is achieved more quickly. For example, if break-even is not achieved until month 24 then incurred losses rise by \$164,000.

Break-even Analysis in Detail

Following is a more detailed break-even analysis of a data range derived from 0 to 1,500 users and using an average unvarying fixed cost.



Risk Factors

The company faces a variety of competitors in its market. Some of these competitors are much larger organisations which could use their size to exert pressures in the market in which the company will operate particularly in respect to pricing.

The projections were based on estimates prepared as part of a budgeting process. While the Directors have given due care and attention to the preparation of the projections, they are subject to uncertainties and unexpected events, many of which are beyond the control of the directors and the Company. Therefore, the directors and the Company cannot give any assurance or guarantee that the projections will be achieved, as actual events may differ from the assumptions adopted in their preparation.

A key area of uncertainty is technological change which in the future might affect the business of Internet Service Provider materially. Business planning has been done on the basis of knowledge of ISP business as it has developed over the past few years and the assumption that it will continue this way for another two years.

2 INFORMATION ON YARDARINO MINING NL MINING OPERATIONS

Continuing Mining Exploration

The Company continues to search for and acquire prospective mining ground and to organise exploration for minerals usually by forming farm-in partnerships. The current emphasis is on areas that are prospective for mineral sands and attention is now on the Murray Basin region of Victoria. The Company has a successful record of acquiring and proving up mineral sands (rutile, ilmenite and zircon) deposits in WA and holds these for future exploitation or sale.

Despite the current downturn in the mining industry the Company has during the past twelve months successfully negotiated joint ventures over several of its existing projects.

A policy of tenement rationalization and concentration of expenditures on projects where success is most likely to be achieved will be continued by the Company.



3 TERMS OF THE RENOUNCEABLE RIGHTS ISSUE

Entitlement

A maximum of 12,619,789 Ordinary Shares are being offered to shareholders of the Company registered at 5pm WST 11th August 1999 on the basis of one New Share for every two Ordinary Shares then held. No over subscriptions will be accepted beyond this total.

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

Issue Price

The issue price is 10 cents per share and is payable in full in Australian currency on acceptance of the offer.

Application for additional shares

If you wish to apply for more shares than your entitlement please complete the “additional shares request” section at the base of the application form enclosing additional payment. If extra shares are available they may be issued to you at the discretion of the underwriter and directors or else the monies corresponding to your unfulfilled application will be returned.

Purpose of the Rights Issue

The net proceeds from the issue will be applied to invest in a new Internet Service Provider (ISP) business and to continue with project acquisitions and exploration for minerals. Up to \$400,000 will be invested in equipment and working capital to set-up the ISP. The remaining \$800,000 from the issue will be kept available for the acquisition of relevant and associated technology and/or other entities which engage in the Internet business and use internet technology as well as for continued minerals exploration.

Opening and Closing Dates

The Rights Issue will open for receipt of acceptances on the date of this Prospectus (30th July 1999) and close on 8th September 1999.

Rights Trading

The right to the shares is renounceable. Accordingly, there will be trading in rights on the ASX from 5th August up to 1st September 1999.

Stock Exchange Listing

Application will be made within 3 business days after the issue of the Prospectus for the New Shares offered under this prospectus to be granted official quotation by the ASX. If the ASX does not grant permission for quotation of the Shares granted by the Company pursuant to this Prospectus within 6 weeks after close of issue of this Prospectus (or within such longer period not exceeding 12 weeks as may be notified to the Company by the ASX) none of the Shares offered by this Prospectus will be allotted or issued, unless the ASX grants the Company an exemption permitting the allotment or issue. If no allotment or issue is made all moneys paid on application for the New Shares will be refunded, exclusive of any interest, within the time period prescribed by the Corporations Law. The ASX takes no responsibility for the contents of this Prospectus.

Acceptance and Entitlements

This offer may be accepted in whole, or part, prior to 5pm WST on 8th September 1999. Instructions for completion are set out on the back of the enclosed Entitlement and Acceptance Form. Acceptance may exceed your entitlement as shown on that form.

- **Acceptance in Full or Part**

If you wish to take up all or part of your entitlement, please complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the Form. Forward your completed Form together with the cheque for the amount shown on your Entitlement and Acceptance Form to reach the Company's share registry at Level 1, 168 Adelaide Tce, Perth, WA 6000 not later than 5pm WST on 8th September 1999. Cheques should be made payable to "Yardarino Mining NL" and crossed "not negotiable".

- **Entitlements Not Taken Up**

If you decide not to accept all or part of your entitlement, your rights may be sold, on the Stockmarket through a broker.

Market Prices of Yardarino Mining NL Shares on ASX

The highest and lowest market sale price of the Company's shares on the ASX during the 3 months immediately preceding the announcement of the Rights Issue on 30th July 1999 and the respective dates of those sales, were 18.7 cents on 27th July and 8.7 cents on 9th June. The last market sale was on 29th July at a price of 17.5 cents.

Share Capital

The Company has on issue 25,239,577 fully paid Ordinary Shares and the issued capital of the Company is \$5,143,582.

Underwriting

The Rights Issue is fully underwritten by Lintop Pty Ltd, a company associated with an Eastern States stockbroking individual, for a commission of 4%. The underwriting agreement may be viewed during business hours at the Company's offices. There are standard clauses in the Underwriting Agreement that allow the Underwriter to withdraw if the ASX does not allow official quotation of the new shares and other "*force majeure*" type events. The underwriting may also be withdrawn if both the All Ordinaries and the Media index falls greater than 10% from their values at the close of trading on Monday, 26th July 1999.

The directors have an entitlement to \$450,000 of the \$1,261,978 to be raised and have undertaken for a fee of 2% to either take up or place the whole of that entitlement. Other than this specific undertaking the directors are not involved in the general underwriting by Lintop Pty Ltd.

Allotment

The New Shares are expected to be allotted by 29th September 1999.

Rights Attaching to Shares

The new Shares offered pursuant to this Prospectus are Ordinary Shares and will as from their allotment rank equally in all respects with all Ordinary Shares in the Company currently listed on the ASX.

Dividend Policy

A dividend policy will be determined in the event that commercial exploitation of the Company's resources and Internet activities results in sustainable operating profits.

4 EFFECT OF THE RIGHTS ISSUE ON THE COMPANY

Principal Effect

If fully subscribed, the immediate effect of the Issue will be to increase cash reserves by \$1,261,978 (less the expenses of the Issue) to enable the Company to pursue its objectives.

Consolidated Balance Sheet and Capital Structure

An Annual Report of the Company as at 30th June 1998 and the half-year accounts to 31st December 1998 have been released to the ASIC and ASX. Set out is a Balance Sheet extracted from the 30th June 1999 unaudited Accounts and;

- (a) a Pro-forma Balance Sheet as at 29th September 1999 incorporating the effects of the issue of the New Shares in accordance with this Prospectus; and
- (b) the proposed capital structure of the Company after the Issue:

(a) Consolidated Balance Sheet

Pro-forma unaudited Balance Sheet as at 29th September 1999.

	Pro-forma After Issue 29 th September 1999 Unaudited	Actual 30 th June 1999 Unaudited	Actual 31 st Dec 1998 Reviewed	Actual 30 th June 1998 Audited
CURRENT ASSETS				
Cash	1,863,533	601,555	684,555	839,655
Receivables	3,250	3,250	31,374	9,800
Investments	2,576	2,576	2,576	2,576
TOTAL CURRENT	1,869,359	607,381	718,505	852,031
NON-CURRENT ASSETS				
Plant & Equipment	11,430	11,430	11,430	26,768
Exploration Expenditure	1,867,952	1,867,952	1,803,609	1,756,028
TOTAL NON-CURRENT				
ASSETS	1,879,382	1,879,382	1,815,039	1,782,796
TOTAL ASSETS	3,748,741	2,486,763	2,533,544	2,634,827
CURRENT LIABILITIES				
Accounts Payable & Provisions	80,291	17,891	35,833	32,720
TOTAL CURRENT LIABILITIES	80,291	17,891	35,833	32,720
NET ASSETS	3,668,450	2,468,872	2,497,711	2,602,107
SHAREHOLDERS EQUITY				
Share Capital	6,405,560	5,143,582	5,143,582	4,914,582
Reserves	—	—	—	229,000
Accumulated Losses	(2,737,710)	(2,674,710)	(2,645,871)	(2,541,475)
TOTAL SHAREHOLDERS				
EQUITY	3,668,450	2,468,872	2,497,711	2,602,107

b) Capital Structure

The effect of the issue on the Company's share capital is as follows:

Number of Shares	ISSUED AND PAID UP CAPITAL	
25,239,577	Ordinary Shares	5,143,582
NEW SHARES OFFERED PURSUANT TO THIS PROSPECTUS		
12,619,789	Ordinary shares issued at the price of 10 cents each	1,261,978
37,859,366	TOTAL ISSUED AND PAID UP CAPITAL	6,405,560

Subsequent Events

There were no events or transactions since 30th June 1999 that have materially changed the financial position of the company.

ADDITIONAL INFORMATION

The Annual Report of the Company for the year ending 30 June 1998 was sent to all shareholders in October 1998.

Disclosing Entity

This Prospectus is issued pursuant to section 1022AA of the Corporations Law as a Transaction Specific Prospectus.

Section 1022AA of the Corporations Law enables companies to issue “transaction specific prospectuses” where those companies are and have been for a period of 12 months, a “disclosing entity” under the continuous disclosure regime provided for in the Corporations Law and ASX Listing Rules.

In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the company and the rights attaching to those securities. It is not necessary to include general information in relation to all the assets and liabilities, financial position, profit and losses or prospects of the issuing company.

Yardarino Mining NL is a “disclosing entity” under the Corporations Law and as such, is subject to regular reporting and disclosure obligations under the Listing Rules of the ASX.

The Company maintains files containing publicly disclosed information about itself. These Company's file are available for inspection at its Perth office during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with the Australian Securities and Investment Commission may be obtained from, or inspected at, any Regional Office of the ASIC.

Information which is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete. The Company will provide a copy of each of the following documents, free of charge, to any person who so requests during the period that the Rights Issue remains open.

I. Disclosing Entities Statement	May 1999
II.. Quarterly Report	March 1999
III. Quarterly Report	June 1999
IV. Half Yearly Report	December 1998
V. Annual Report	June 1998

Inspection of Documents

The following documents are available for inspection during normal business hours at the registered office of the Company at First Floor, 14 Outram St, West Perth, Western Australia.

- a) this Prospectus;
- b) the Memorandum and Articles of Association of the Company; and
- c) the consents of the parties referred to below.

Directors Interest.

Complete disclosure of Directors' interests are made on Pages 15 (underwriting) of this prospectus and pages 16, 29 & 31 of the 1998 Annual Report. There have been no changes since the date of the 1998 Annual Report.

Minimum Subscription Level

There is no minimum subscription level however the company will only expend the \$400,000 budgeted on the ISP business if in excess of \$600,000 is raised. Below this level funds will be used to conduct the company's normal mining business.

Change of Company's Type and Constitution

The undertaking of business other than mining, which is the only business that a No Liability company may undertake, requires a change of type to that of Limited. This change to the Company's Memorandum and article of association brings into action the new provisions of Corporations Law recent changes resulting in the need to adopt a new Company Constitution. These changes were put to Shareholders at a general meeting on 22nd June 1999 and they resolved to accept them. Shareholders also resolved to approve the undertaking of business other than mining.

Directors

The following persons hold office as directors of Yardarino Mining NL at the date of this report.

Anthony Rechner, BSc, MAusIMM (Chairman)

Mr Rechner holds a Bachelor of Science degree in Geology and Physics from the University of Adelaide, South Australia. Mr Rechner's involvement as Chairman and Managing Director of Windsor Resources NL, Brunswick NL and Geographe Resources Ltd has resulted in these companies evolving from explorers to major producers at Mount Percy, Galtee More and Chalice respectively. Mr Rechner is a computer programmer and was a systems operator for the first major computing facility established by a major oil company in Western Australia.

Richard Edward Diermajer (Executive Director)

Mr Diermajer holds a Diploma of Legal Studies and has an extensive background in law and administration from his 12 years experience as an officer with the Department of Minerals & Energy in Western Australia. In 1981 he established Sentinel Exploration Services, a consultancy firm which provided a successful service to industry throughout Australia.

James Benton Craib JP CPA (Non-executive Director)

Mr Craib is an accountant who was previously responsible for the accounting and company secretarial functions of Eagle Bay Resources NL, Yardarino Mining NL and Geographe Resources Ltd. He has had considerable experience as an accountant, mainly in the industrial and production sectors.

As at the date of this prospectus the directors hold the following beneficial interests in the capital of the company:

SHARES	IN OWN NAME	IN OTHER NAME
A. Rechner	4,001	4,582,000
R.E. Diermayer	4,000,001	417,000
J.B. Craib	-	120,000

Consents

The following persons or firms have consented to be named in this Prospectus and have not withdrawn such consent before lodgement of this Prospectus with the ASIC:

- Pannell Kerr Forster, Western Australian Partnership ('PKF') have given and, at the time of lodgement with the ASIC has not withdrawn, their written consent to be named as Auditor of the Company and to the inclusion of the information contained in the audited financial statements of the Company in the form and context in which they appear. Pannell Kerr Forster has not authorised or caused the issue of this Prospectus.
- Security Transfer Registrars Pty Ltd has given its consent to be named as the Share Registry of the Company in the form and context in which it appears. "For the purpose of section 1010 of the Corporations Law, notwithstanding that it may be referred to elsewhere in this Prospectus, Security Transfer Registrars Pty Ltd had only authorised the issue of those parts of this Prospectus where it is named as the share registry of the Company and has not authorised or caused the issue of any other part of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement, in, or omission from, any part of this Prospectus."

Liability of Persons Named in this Prospectus

For the purposes of Section 1010 of the Corporations Law, notwithstanding that it or they may respectively be referred to elsewhere in this Prospectus.

PKF have only authorised the issue of those parts of the Prospectus where they are named as Auditor to the company and have not authorised or caused the issue of any other part of this Prospectus and do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

Security Transfer Registrars Pty Ltd has only authorised the issue of that part of the Prospectus where it is named as the Share Registry of the Company.

Expenses of the Rights Issue

The total expenses of the Rights Issue are estimated to be \$62,400.00. These comprise:

The total expenses of the Rights Issue are estimated to be \$62,400.00. These comprise:

Underwriting Commission	\$50,480.00
Share Registry	\$700.00
ASIC Lodgement	\$1,730.00
ASX Listing	\$2,200.00
Sundry Expense (including distribution of the Prospectus)	\$440.00
Printing	\$2,530.00
Consultants	<u>\$4,320.00</u>
	<u>\$62,400.00</u>

Directors Responsibility Statement

The Directors of the Company, whose names appear below and who authorised the issue of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the Knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to effect the import of such information.

A Rechner

J B Craib

R E Diermayer

GLOSSARY

Term	Description
Cable	Transmission medium of copper wire or optical fibre wrapped in a protective cover.
CGI	Common Gateway Interface. An interfacing language which is used for sending information (such as a request or a response) to a WWW server. CGI is a defacto-standard for interfacing external application such as a database server or an order-entry system with a Web server.
Client/Server	A networking system in which one or more file servers (Server) provide services; such as network management, application and centralised data storage for workstations (Clients).
Commerce Server	Sophisticated, multi-part software program that turns a high-performance workstation into a World Wide Web site capable of handling online transactions and related functions including database and inventory management, order taking, billing, security and customer service.
CPU	Central Processing Unit. The heart of a computer which processes instructions.
DNS	Domain Name System. The Internet's standard for host names and a hierarchical system of <i>domain name servers</i> to resolve them into IP addresses (such as 199.12.1.1). Other information, such as type of hardware, services supported, and how long to cache the entry can also be stored.
DOS	Disk Operating System
EDI	Electronic Data Interchange. Private, proprietary electronic networks first used in the 1960s and 1970s to connect large corporations and their primary trading partners, now moving to the Internet and corporate Intranets.
Electronic Commerce or E-Commerce Or Internet Commerce	Trade of goods and services through computer networks such as the Internet, as well as related pre- and post-sale activities. Includes business-to-business transactions and sales of merchandise or information products to consumers. Also called Internet commerce.
E-Mail	An electronic mail message sent from a host computer to a remote computer.
End User	Refers to the human executing applications on the workstation.
File Server	A computer connected to the network that contains primary files/applications and shares them as requested with the other computers on the network. If the file server is dedicated for that purpose only, it is connected to a client/server network. An example of a client/server network is Windows NT or Novell Netware. All the computers connected to a peer-to-peer network are capable of being the file server.
Front Page	Front Page is a Microsoft product, which enables end-users to construct and maintain Web Pages from the Microsoft Windows Desktop.

FTP	File Transfer Protocol. An interactive file transfer capability that is often used on TCP/IP networks. Requires users to log in to a remote computer.
Gigabyte	(GB) One billion bytes of information. One Thousand Megabytes.
GUI	Graphical User Interface.
Hosting	Electronic transaction services provided by third-party service bureaus. Hosting includes everything from creating and maintaining a company's commercial Web site to providing order tracking, fulfilment and billing.
HTML	HyperText Markup Language. The language used to describe WWW pages so that font size and color, nice backgrounds, graphics, and positioning can be specified and maintained (though users can change how these are actually displayed by their own browsers).
HTTP	HyperText Transport Protocol. The protocol used to carry WWW traffic between a WWW browser computer and the WWW server being accessed.
Hub	A hardware device that contains multiple independent but connected modules of network and internetwork equipment. Hubs can be active (where they repeat signals sent through them) or passive (where they do not repeat but merely split signals sent through them).
Internet	A global network of networks used to exchange information using the TCP/IP protocol. It allows for electronic mail and the accessing and retrieval of information from remote sources.
Intranets	Internal company computer networks built on Internet standards such as TCP/IP and HTML and connected through security firewalls to the global computer network.
IP	Internet Protocol. A component of the communications protocol of the Internet (see TCP/IP).
ISDN	Integrated Services Digital Network. A WAN-oriented data communication service provided by telephone companies. ISDN is generally available in multiples of 64K bandwidth (e.g. 64K, 128K, 192K, 256K, etc.) and is typically used for permanent Internet connections for commercial use.
ISP	Internet Service Provider. A company that provides end users access to the Internet.
LAN	Local Area Network. A network connecting computers in a relatively small area such as a building.
Modem	Modulator/Demodulator. Devices that convert digital and analog signals. Modems allow computer data (digital) to be transmitted over voice-grade telephone lines (analog).
Node	End point of a network connection. Nodes include any device attached to a network such as file servers, printers, or workstations.
PC	Personal Computer.
PDA	Personal Digital Assistant. A small, hand-held, battery-operated, microprocessor-based device that is expected to do things such as <ul style="list-style-type: none"> ● Store telephone numbers, addresses, and reminders ● Send and receive email and faxes (wirelessly) ● Receive pages (just like an alphanumeric pager) ● Recognise handwriting

PERL	Practical Extraction and Report Language. A scripting language that is often used for Internet Services to interface with other computer based services and databases.
POP	Point of Presence. The communications equipment located in (for example) a multi-tenant building that provides an alternative communications service. Connection to this point of presence could then provide communication service using (for example) the local cable TV provider's coaxial cable or fibre-optic cable (presumably at lower cost), rather than the local telephone company's facilities.
Ports	A connection point for a cable.
Protocol	A formal description of a set of rules and conventions that govern how devices on a network exchange information.
Router	A device that routes information between interconnected networks. It can select the best path to route a message, as well as translate information from one network to another. It is similar to a super-intelligent bridge.
Smart Card	Plastic card similar to a credit card with embedded electronics that "store" cash in encrypted form to be used with PCs, telephones, ATMs, and other devices with built-in card readers.
SMTP	Simple Mail Transport Protocol. The protocol used in TCP/IP networks for transferring electronic mail messages between end user computers and <i>mail servers</i> .
Tape back-up	Copying all the data and programs of a computer system on magnetic tape. On tape, data is stored sequentially. When retrieving data, the tape is searched from the beginning of tape until the data is found.
TCP	Transmission Control Protocol – A component of the communications protocol of the Internet. TCP is the Internet's <i>connection-oriented</i> layer 4 (also called <i>transport</i>) protocol, which provides an error-free connection between two cooperating programs, which are typically on different computers.
TCP/IP	Transmission Control Protocol/Internet Protocol. The communications protocol of the Internet which is available for most operating systems and hardware platforms.
URL	Uniform Resource Locator. The "address" that is used to specify a WWW server and home page. For example, http://www.aotconsulting.com , which indicates that the host's address, is www.aotconsulting.com
WAN	Wide Area Network. A network connecting computers within very large areas, such as states, countries, and the world.
WWW or W3 or Web or World Wide Web	World Wide Web. The network of <i>servers</i> on the Internet, each of which has one or more <i>home pages</i> , which provide information and hypertext links to other documents on that and (usually) other servers.