

PEARLSTREET LIMITED
ABN 97 107 329 224

BONUS ISSUE PROSPECTUS

For a free bonus issue of 1 Option, exercisable at \$0.36 on or before 30 November 2009, for every 4 Shares (**Bonus Options**) held by Shareholders as at 7:00pm AEDT on 24 October 2008.

The Bonus Options are being offered free to Shareholders.

**SHAREHOLDERS ARE NOT REQUIRED TO TAKE ANY ACTION IN RELATION TO THE
ISSUE OF BONUS OPTIONS PURSUANT TO THIS PROSPECTUS**

Important Notice

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered as speculative.

TABLE OF CONTENTS

1.	SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES	3
2.	CORPORATE DIRECTORY.....	5
3.	DETAILS OF THE ISSUE	6
4.	PURPOSE AND EFFECT OF THE ISSUE.....	7
5.	RIGHTS AND LIABILITIES ATTACHING TO THE BONUS OPTIONS	8
6.	RISK FACTORS	11
7.	ADDITIONAL INFORMATION	15
8.	AUTHORITY OF DIRECTORS.....	23
9.	DEFINITIONS	24

1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

Timetable and Important Dates

Lodgement of Prospectus and Appendix 3B	15 October 2008
Ex Date/Deferred settlement trading begins	20 October 2008
Record Date for determining entitlements to Bonus Options	24 October 2008
Prospectus and transaction confirmation statements despatched/Deferred settlement trading ends	29 October 2008

* The date the Bonus Options are expected to commence trading on ASX may vary.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 15 October 2008 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 13 months after the date it was lodged with the ASIC (**Expiry Date**). No Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

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 of these restrictions. Failure to comply with these restrictions may violate securities laws. Shareholders 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.

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

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

ELECTRONIC PROSPECTUS

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.

Any Shareholder may obtain a hard copy of this Prospectus free of charge by contacting the Company.

2. CORPORATE DIRECTORY

Directors

Mr David Eiszele
Mr Philip Campbell
Mr John Atkins
Mr Anthony Wooles
Mr James McDonald

Company Secretary

Ms Josephine Pane

Registered Office

Level 19 HWT Tower
40 City Road
SOUTHBANK VIC 3006

Telephone (03) 9674 6100

Facsimile (03) 96995020

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4
16 Milligan Street
PERTH WA 6000

Auditor*

PricewaterhouseCoopers
Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006

Share Registry*

Link Market Services
Level 1
333 Colin St
MELBOURNE, VIC 3000

Telephone: 1300 554 474

* These parties are included for information purposes only. They have not been involved in the preparation of this Prospectus.

3. DETAILS OF THE ISSUE

3.1 Issue of Bonus Options

The Issue is being made as a bonus issue of one (1) free Option for every four (4) Shares held by Shareholders registered at 7.00pm (AEDT) on the Record Date (**Bonus Options**). Fractional Entitlements will be rounded up to the nearest whole number. As the Bonus Options are being issued for nil consideration, no funds will be raised under the Issue. If all the Bonus Options issued under the Issue are exercised, the Company will receive approximately \$6,759,626.

Based on the capital structure of the Company, the maximum number of Bonus Options to be issued pursuant to this Issue is approximately 18,776,739. The purpose of the Issue is set out in Section 4 of this Prospectus.

3.2 Australian Securities Exchange Listing

Application for official quotation by ASX of the Bonus Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Options.

The fact that ASX may grant official quotation to the Bonus Options is not to be taken in any way as an indication of the merits of the Company or the Options now offered for subscription.

3.3 Allotment of Options

Bonus Options issued pursuant to the Issue will be allotted as soon as practicable after the date of this Prospectus and otherwise in accordance with the ASX Listing Rules. The Company will allot the Bonus Options on the basis of a Shareholder's Entitlement.

Transaction confirmation statements for the Bonus Options will be mailed as soon as possible after the date of this Prospectus.

3.4 Overseas Shareholders

This Issue does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Issue is not being extended and Bonus Options will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

4. PURPOSE AND EFFECT OF THE ISSUE

4.1 Purpose of the Issue

The purpose of the Issue is to provide Shareholders with an opportunity to participate in the continued growth of the Company. No funds will be raised through the issue of the Bonus Options pursuant to this Prospectus, however if all the Bonus Options are exercised, the Company will receive approximately \$6,759,626. Any funds raised upon the exercise of any of the Bonus Options will be allocated to the Company's working capital and partial reduction of borrowings.

4.2 Effect of the Issue

The principal effect of the Issue will be to increase the number of Options on issue from nil as at the date of this Prospectus, to approximately 18,776,739. Additionally following completion of the Issue the working capital of the Company will be reduced by approximately \$33,000 after paying the expenses of the Issue.

4.3 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Issue is set out below, assuming that all Bonus Options under the Issue are issued.

Shares

	Number
Current Shares on issue	75,106,956
Shares offered pursuant to the Issue	Nil
Total Shares on issue after completion of Issue	75,106,956

Options

	Number
Current Options on issue	Nil
Options offered pursuant to the Issue	18,776,739
Total Options on issue after completion of Issue	18,776,739

5. RIGHTS AND LIABILITIES ATTACHING TO THE BONUS OPTIONS

5.1 Rights Attaching to Shares

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) General Meetings

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

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution 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) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

Subject to the rights of persons (if any) entitled to Shares with special rights to dividend the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon 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.

(e) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) 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 share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the majority of the holders of the issued shares of that class, or if authorised by a ordinary resolution passed at a separate meeting of the holders of the shares of that class.

5.2 Terms and Conditions of Bonus Options

The Bonus Options will entitle the holders to subscribe for fully paid ordinary shares in the Company on the following terms:

- (a) Each Bonus Option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the Company.
- (b) The Bonus Options are exercisable at 36 cents each, payable in cash (**Exercise Price**).
- (c) The Bonus Options will be exercisable on or before 30 November 2009 (**Expiry Date**).
- (d) The Bonus Options may be exercised by notice in writing to the Company received at any time on or before the Expiry Date.
- (e) The Bonus Options are freely transferable.
- (f) The Bonus Options may be exercised in whole or in part.
- (g) Following allotment, a Transaction Confirmation Statement will be issued for the Bonus Options. A separate Notice of Exercise of Options will also be included for completion. The Bonus

Options held by the Bonus Option holder are exercisable in whole or in part up to the expiry date. Reminder notices will be forwarded to the Bonus Option holder prior to the exercise date. Bonus Options not exercised on or before the expiry date will lapse. A Bonus Option is exercisable by the Shareholder filling in and signing the Notice of Exercise of Options and lodgement at the office of the Company's Share Registry together with payment of \$0.36 for each Option exercised.

- (h) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of the Optionholder will be treated in the manner prescribed by the ASX Listing Rules applying to reconstructions at that time.
- (i) The Company will apply for Official Quotation by the ASX of all of the Bonus Options.
- (j) All shares issued upon exercise of the Bonus Options will rank par passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all Shares issued upon exercise of the Bonus Options.
- (k) There are no participating rights or entitlements inherent in the Bonus Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Bonus Options.

However, if from time to time on or prior to the Expiry Date the Company makes an issue of new Shares to Shareholders, the Company will announce the issue to ASX prior to the record date in accordance with the requirements of the ASX Listing Rules. This will give holders of Bonus Options the opportunity to exercise their Bonus Options prior to the date for determining entitlements to participate in any such issue.

- (l) There is no right to a change in the Exercise Price of the Bonus Options or to the number of Shares over which the Bonus Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Bonus Options.

6. RISK FACTORS

6.1 General

The Options offered under this Prospectus should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports.

6.2 General Economic Climate

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, commodity prices and stock market prices. The Company's future revenues and Share price may be affected by these factors, as well as by fluctuations in the price of gold or other minerals, which are beyond the Company's control.

6.3 Sharemarket Conditions

The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities in general and resource services stocks in particular.

6.4 Reliance on Key Contracts

The Company's projected financial performance is underpinned by the revenues generated under a number of key contracts, as summarised in Section 7.2, and on a range of other major contracts. Generally speaking, these contracts can, under their terms, be terminated on relatively short periods of notice although as a practical matter the Company's incumbency provides it with a measure of protection over its revenue flows.

Any delay or termination of the Company's material contracts, any breach by the Company of its obligations under those contracts or the incurrance of unrecoverable costs during performance, may materially impact on the Company's performance.

Any failure to retain or adequately replace or renew key contracts on the expiration of their respective terms would also be likely to cause a significant decrease in the Company's revenue and performance.

6.5 Personnel Issues

The Company is reliant on a number of key personnel employed by the Company. Loss of such personnel may have a materially adverse impact on the Company's performance.

Whilst there can be no assurance given as to the continued availability of such key personnel, the Company has put in place employment contracts with senior executives in an attempt to mitigate this risk.

The Company's ability to appropriately manage both its existing commitments and future growth is dependent upon its ability to attract and retain appropriate personnel across all levels of the organisation.

6.6 Workplace Relations

Historically the Company has maintained a positive relationship with its employees.

The Company operates under an industrial relations environment affected by both Commonwealth and State legislation which varies from time to time. The Company has in force a number of industrial agreements which it is required to review in accordance with the law as enacted.

The Company relies on the skills of its employees, and therefore any material deterioration in general workplace relations may have a detrimental impact on its financial performance.

6.7 Cyclical Nature of the Business

Some of the Company's clients are involved in the mining and minerals processing industry. While conditions in these sectors are generally positive at present, the level of activity and profitability is cyclical and sensitive to a number of factors outside of the Company's control, such as movements in commodity prices. The Company's presence in multiple industry sectors partially offsets its exposure to this factor. The Company, however, is not able to predict the timing, extent or duration of these activity cycles.

6.8 Professional Indemnity, Negligence, Public Liability and Insurance

A significant risk for the Company, as a professional service provider, is that claims of professional negligence may be made against it. The Company also faces risks in respect of claims against it by third parties, for damages suffered by reason of its negligent conduct.

A successful claim of negligence may impact the Company by:

- (a) adversely affecting the reputation of the Company;
- (b) requiring the payment of insurance excesses;
- (c) requiring the payment of various costs (such as legal and other experts' costs) in defending claims or negotiating settlements;
- (d) requiring liability payments which either are not covered by insurance or which exceed limits under available insurance coverage; and
- (e) increasing future insurance premiums.

The Company maintains professional indemnity and public liability insurance to cover liabilities in the event of such claims. However, it is not

always possible to obtain insurance coverage, on commercially reasonable terms, if at all, in respect of all risks faced by the Company. In addition, even where insurance coverage is able to be obtained, it is subject to various limitations, exclusions and excess provisions. A\$1 million excess provision applies to claims made under the Company's professional indemnity and public liability policy.

Some of the Company's customers also require the Company to take out or maintain minimum insurance in connection with its contractual arrangements. Some contracts prescribe in detail a number of provisions which are required to be included in the Company's insurance policies. Given conditions in insurance markets change from time to time, the Company may not always be in a position to strictly comply with these requirements. While in such cases the Company will seek to ensure that its contractual position and insurance program are in alignment, any limitation on the Company's ability to source insurance on appropriate terms, if at all, may limit its ability to enter into and / or comply with such contracts.

Based on the present circumstances of the Company, and the requirements of major customers, the Directors do not believe that conditions in the insurance market will have a material bearing on the performance of the Company.

6.9 Competitive Position and Market Trends

The Company operates in a competitive market. There can be no assurance that the actions of competitors or changes in customers will not adversely affect the Company's performance. Increased competition could result in price reductions, under-utilisation of personnel, reduced profit margins and loss of market share. Any of these could adversely affect the Company's operating and financial performance.

The Company's performance is also dependent to a large degree on a continuation in the historical trend towards outsourcing of non-core services such as the Asset Management and Asset Integrity services which the Company provides. Any reversal of this trend would adversely affect the Company's operating and financial performance.

6.10 Information Systems

The Company uses databases and information systems to electronically capture and store important information regarding its operations. A number of these are essential to compliance with ISO/IEC 9001:2000 certification and NATA accreditation and therefore are critical to the Company's performance. Several elements of the Company's information technology requirements are outsourced to a third party provider. While the Company makes every effort to ensure these systems are constantly improved and maintained and service providers comply with the terms of their contracts any significant failure of these systems may negatively impact on the Company's performance.

6.11 Environmental Matters

The Company engages in some activities which involve environmentally sensitive matters, including the handling of small quantities of radioactive materials and chemical products utilised in various testing procedures. A

number of governmental approvals and authorities are required to engage in those activities and appropriate systems and processes are in place to maintain them and guard against any liabilities that could arise as a result of failure to comply with environmental legislation.

The Company also operates in industries where environmental issues, claims or approval processes may delay or terminate contract performance.

Environmental risks may also give rise to remediation obligations, civil claims and criminal penalties. Although such matters are generally the responsibility of the Company's customers, any potential liability which the Company has caused or contributed to could become the responsibility of the Company and have a detrimental impact on the Company's financial position.

6.12 Management of Growth

The Company has achieved significant growth in its operational and financial performance in recent years. As part of its business strategy, the Company aims to continue this growth. There is no assurance, however, that this will be achieved. To promote this growth, the company will need to maintain efficient control of its operating and financial systems. This will require continued expansion and training of its employee base.

6.13 Financing

The Company's ability to implement its future business plan may depend on whether it can access appropriate funding. The Company views its listing on the ASX as beneficial in terms of providing access to additional sources of capital but can give no assurances that funding, whether in the form of debt or equity, will be available on favourable terms as and when required.

The Company notes that its current bankers, Bankwest, have announced that it will be sold to Commonwealth Bank of Australia. The Directors have considered this matter, along with the current capital market volatility, and have no reason to believe that these matters will affect the Company's ability to re-finance its existing banking facilities as and when they fall due.

6.14 Speculative Nature of Investment

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 Options offered under this Prospectus. Therefore, the securities offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Options.

7. ADDITIONAL INFORMATION

7.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities. The Shares that will be issued on conversion of the Bonus Options issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 3 months prior to the issue of this Prospectus.

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

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that 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, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) to the extent they are available, it will provide a copy of each of the following documents, free of charge, to any person on request from the date of issue of this Prospectus:

- (i) the annual financial report most recently lodged with the ASIC by the Company and any half-year financial report lodged with the ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus with the ASIC; and
- (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged its 2008 Annual Report to shareholders with the ASX on 30 September 2008. The Company has not lodged any announcements with the ASX since that date.

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

7.2 Material Contracts

Since the lodgement of the Company's IPO Prospectus on 8 January 2007, the Company has acquired a number of businesses. As part of these acquisitions, the Company has taken an assignment of a number of existing customer contracts. The Company has also finalised the renewal of the contract between its wholly owned subsidiary PearlStreet ETRS Pty Ltd and Esso Australia Pty Ltd.

The Director's consider that these contracts are of particular significance or materiality to the Company's performance such that an investor or the investor's professional advisors may wish to have particulars of them. The main provisions of each such contract are summarised below. These summaries do not purport to be complete and are qualified in their entirety by reference to the contracts themselves.

7.2.1. Alcoa Agreements

Condition Monitoring and Non-Destructive Testing Services

Description Under this agreement between PearlStreet Metlabs Pty Ltd (**PearlStreet Metlabs**) and Alcoa of Australia Limited (**Alcoa**) PearlStreet Metlabs provides condition monitoring and non-destructive testing services to 5 Alcoa sites in Western Australia.

Term and Termination The initial contract term was from 1 August 2007 to 31 July 2008. Alcoa had the option to extend the term until 31 July 2009, 31 July 2010 or 31 July 2012. Alcoa recently exercised its option to extend the term of the contract until 31 July 2009.

Alcoa may terminate the contract by providing PearlStreet Metlabs with not less than 30 days notice. Alcoa may also terminate the contract for default where the default is not capable of remedy or PearlStreet

Metlabs fails to remedy the default within 20 business days. PearlStreet Metlabs may terminate the contact where Alcoa is in default and the default is not remedied within 20 business days of the PearlStreet Metlabs providing Alcoa with written notice of the default.

Compensation and Payment The agreement provides for a number of routine items priced on a fixed cost basis. Non-routine work is performed on a schedule of rates basis. PearlStreet Metlabs is also entitled to payment for equipment hire and consumables at a fixed rate.

Risk, release and indemnities PearlStreet Metlabs has indemnified Alcoa for certain classes of damage including, inter alia, death, injury or illness of personnel; damage to property of others; breach of intellectual property or other law where PearlStreet Metlabs is responsible for ensuring compliance with the law breached. PearlStreet Metlab's liability is reduced proportionately where the liability was directly caused by an indemnified party's negligence.

PearlStreet Metlab's liability, other than its indemnity to Alcoa or in respect of insured risks, is capped for both a single event and also in aggregate under the contract. PearlStreet Metlabs is not liable for special, indirect or consequential loss.

Warranties PearlStreet Metlabs has provided warranties to Alcoa in respect to the fitness for purpose of materials and services provided under the contract. These warranties survive the termination or expiration of the contract.

Environmental Obligations PearlStreet Metlabs is required to meet the costs of any environmental remediation where it has caused, allowed or contributed to the release of hazardous materials to the extent of its causation or contribution to the release.

Welding Supervision, Classified Plant and Dangerous Goods Inspections

Description Under this agreement between PearlStreet Metlabs and Alcoa, PearlStreet Metlabs provides welding supervision services and classified plant and dangerous goods inspections to 5 Alcoa sites in Western Australia.

The terms and conditions are the same as for the Condition Monitoring and Non-Destructive Testing Agreement.

7.2.2. BP Refinery (Kwinana) Pty Ltd

Description Under this agreement between PearlStreet Metlabs and BP Refinery (Kwinana) Pty Ltd (**BPRK**), PearlStreet Metlabs provides non-destructive testing services, inspection services and heat treatment to the BP Refinery at Kwinana in Western Australia.

Term and Termination The initial contract term was 1 July 2005 to 30 June 2008. However, the contract has been extended by mutual agreement until 30 June 2009. BPRK may terminate the contract on 30 days notice to PearlStreet Metlabs or by 10 days notice if PearlStreet Metlabs is in default.

Compensation and Payment The primary compensation mechanism under the contract is on a schedule of rates basis. Subject to

agreement with BPRK, PearlStreet Metlabs is able to pass on price amendments based on existing Enterprise Bargaining Agreement labour rate increases. PearlStreet Metlabs also receives payment for equipment provided and consumables on a fixed price basis. These payments are subject to annual CPI adjustment.

Risk, release and indemnities PearlStreet Metlabs has provided an indemnity to BPRK for claims arising out of its acts or omissions in the performance of the contract. Neither PearlStreet Metlabs nor BPRK shall be liable to the other for actual or anticipated loss of revenue, profit, opportunity.

Warranties PearlStreet Metlabs has warranted that services will be provided with due care and skill and be reasonably fit for the purposes required. Any warranties extend 18 months after delivery of the services.

7.2.3. **Esso Australia Pty Ltd**

Description Under this agreement between PearlStreet ETRS Pty Ltd (**P-ETRS**) and Esso Australia Pty Ltd, P-ETRS provides non-destructive testing and inspection services to Esso's Longford and Long Island Point gas and liquids production facilities located in Victoria and Offshore production platforms in Bass Strait.

Non-exclusivity The Agreement is on a non-exclusive basis. Esso has the right to engage others to provide the same services without any liability to P-ETRS.

Term and Termination The term of the Agreement is from 1 October 2007 to 30 September 2012. Either Esso or P-ETRS is entitled to terminate the Agreement on 45 days notice to the other party, however the Agreement remains in force until the completion of any outstanding orders.

Esso is entitled to suspend services under the Agreement for a period not exceeding three months. Esso is required to meet a range of continued payments in the event of suspension of services under the Agreement.

Risk, release and indemnities P-ETRS has indemnified Esso for loss of or damage to P-ETRS's equipment and rented items, even if the loss or damage results from Esso's negligence. P-ETRS has also indemnified Esso for loss of or damage to Esso's existing property in reasonable proximity to the work site to the extent caused by P-ETRS's negligence, however liability is capped at the proceeds obtained from the insurances required under the Agreement.

Any property intended to be incorporated, or used in the services is at P-ETRS's risk until delivered to the work site, even where loss or damage to that property results from Esso's negligence. Once the property is delivered to the work site, risk passes to Esso even where loss or damage to that property results from P-ETRS's negligence.

P-ETRS's liability for gross negligence or wilful misconduct is otherwise not capped under the Agreement and may extend to consequential loss.

The Agreement contains a fault based regime for third party claims, including claims by each party's employees.

Warranties P-ETRS must remedy any defects or deficiencies in the services performed and the equipment supplied, for a period of 1 year after completion of the services. P-ETRS also warrants to correct any defects or deficiencies in any remedial services performed for a further 6 months from completion of such remedial services.

Environmental Obligations P-ETRS is responsible for the costs of rehabilitation associated with environmental damage arising out of the performance or non-performance of the services.

7.3 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Issue of Options pursuant to this Prospectus; or
- (c) the Issue of Options pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or issue of Bonus Options pursuant to this Prospectus.

Directors' relevant interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options
David Eiszele	3,010,612	Nil
Phillip Campbell	503,628	Nil
John Atkins	217,097	Nil
Anthony Wooles	38,080,747	Nil
James McDonald	135,743	Nil

7.4 Directors Fees and Benefits

The Constitution of the Company provides that the Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting.

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

No non-executive Director shall be paid as part or whole of his remuneration a commission on or a percentage of profits or operating revenue.

If any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for the remuneration provided in the form of director's fees.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last financial year prior to the date of this Prospectus.

Director	Base Salary	Directors' Fees	Superannuation
Anthony Wooles	\$298,077	-	\$26,415
David Eiszele	-	\$40,000	\$3,600
Phillip Campbell	-	\$30,000	\$2,700
John Atkins	-	\$30,000	\$2,700
James McDonald	-	\$30,000	\$2,700

The table below sets out the current annual remuneration provided to the Directors of the Company and their associated companies at the date of this Prospectus, inclusive of directors fees and consultancy fees.

Director	Base Salary	Directors' Fees	Superannuation
Anthony Wooles	\$298,077	-	\$26,827
David Eiszele	-	\$50,000	\$4,500
Phillip Campbell	-	\$40,000	\$3,600
John Atkins	-	\$40,000	\$3,600
James McDonald	-	\$40,000	\$3,600

7.5 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in

connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within two (2) years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the issue of Bonus Options pursuant to this Prospectus; or
- (c) the issue of Options pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the issue of Options pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$12,000 for services in relation to this Prospectus.

7.6 Legal Proceedings

There is no material litigation, arbitration or proceedings pending against the Company as at the date of this Prospectus.

7.7 Estimated Expenses of Issue

The estimated expenses of the Issue are \$33,000 comprising ASIC fees, ASX listing fees, legal expenses and share registry fees.

7.8 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: 32 cents (25 September 2008)

and

Lowest: 24 cents (7 October 2008)

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 25 cents on 14 October 2008.

8. AUTHORITY OF DIRECTORS

8.1 Directors' Consent

Each of the Directors of PearlStreet Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act.

Dated the 15th day of October 2008

A handwritten signature in black ink, appearing to read 'A. Wooles', written over a horizontal line.

**Mr Anthony Wooles
Director
PEARLSTREET LIMITED**

9. DEFINITIONS

AEDT means Australian Eastern Daylight Time, Melbourne, Victoria.

Applicant means a Shareholder entitled to Bonus Options pursuant to the Issue.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the operating rules of the settlement facility provided by ASTC.

ASTC means the ASX Settlement & Transfer Corporation.

ASX means the ASX Limited (ACN 008 624 691), or the Australian Securities Exchange, as the context requires.

Board means the board of Directors unless the context indicates otherwise.

Bonus Options means an Option issued pursuant to this Prospectus with the terms and conditions specified in Section 5.2.

Business Day means a day on which trading takes place on the stock market of ASX.

Company means PearlStreet Limited (ABN 97 107 329 224).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Issue.

IPO Prospectus means the Company's Prospectus dated 8 January 2007 and lodged with ASIC on that date. The IPO Prospectus was lodged with the ASX on 17 January 2007.

Issue means the bonus issue of one (1) Option for every four (4) Shares to eligible Shareholders on the Record Date, further details of which are included in Section 3 of this Prospectus.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

Official List means the official list of ASX.

Option means an option to acquire a Share.

Optionholder means the holder of an Option.

Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 7pm (AEDT) on the record date specified under the heading "Timetable and Important Dates" in Section 1 of this Prospectus.

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

Shareholder means a shareholder of the Company.