



24<sup>th</sup> April 2014

Dear Shareholder,

### Invitation to Participate in Share Purchase Plan

The Board of Directors of Exalt Resources Limited (**ERD** or **Company**) is pleased to offer eligible shareholders with the opportunity to participate in a Share Purchase Plan (**Plan**) by subscribing for up to AUD\$10,000 new full paid ordinary shares in the Company (**Shares**) at an issue price of AUD\$0.03 per Share to raise up to AUD\$500,000, without paying brokerage or other transaction costs and without the need for ERD to issue a prospectus, under the terms and conditions (**Terms and Conditions**) enclosed with this letter.

The Plan is not underwritten however the Directors reserve the right to place any shortfall of the Plan to other potential interested investors.

#### Shareholders Eligible to Participate in the Plan

The right to participate in the offer under the Plan is optional and is available exclusively to shareholders of ERD who are registered as holders of Shares at 5pm (AEST) on the Record Date of 22<sup>nd</sup> April 2014 and whose registered address is in Australia (**Eligible Shareholders**).

ERD has determined that it is not practical for holders of Shares with addresses on the register in other jurisdictions to participate in the Plan.

#### Share Purchase Plan

The Plan is intended to raise a maximum of up to AUD \$500,000 and entitles Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to a maximum of AUD \$10,000 worth of Shares at a price of AUD\$0.03 per Share (**Offer**).

As at the last trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was AUD\$.026 which is lower than the issue price of AUD\$0.03 under the Offer.

The board of EDR has determined the issue price to be AUD\$0.03 as it is of the view that the current market price of Shares does not reflect the underlying value of the Company and its projects and given that the Shares are considered illiquid and that an injection of funds pursuant to the Plan may lead to an increase in the market price of Shares prior to the date of issue Shares under the Offer.

#### **THE PRICE OF SHARES ISSUED UNDER THE PLAN DOES NOT REFLECT A DISCOUNT TO THE MARKET PRICE OF THE SHARES AT THE TIME OF ANNOUNCING THE OFFER.**

The board of EDR is of the view that the issue price of AUD \$0.03 under the Plan will be less than the market price of Shares five (5) trading days before the issue of the Shares under the Plan.

There is no guarantee that the market price of Shares will increase above AUD\$0.03 between the date of Offer and the date of issue of the Shares under the Plan and if, during the five (5) trading days before the issue of the Shares under the Plan, the market price of Shares is lower than the issue price of AUD\$0.03 under the Offer, the Offer will **NOT** proceed and all application monies will be refunded to applicants.

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It is intended that funds raised by the Plan will be applied to the ongoing development of Mineral Hill South which is owned 100% by ERD. The Company is assessing its options in relation to Mineral Hill South which includes potentially attracting a farm-in partner. The funds raised under the Plan will also provide ERD with additional working capital and strengthen ERD's capital position.

An outline of the Plan is set out in this letter and the enclosed Terms and Conditions. Your personalised application form in relation to the Plan (**Application Form**) and reply paid envelope are included in this package.

#### How much can you invest?

Eligible Shareholders may only apply for a maximum of AUD\$ 10,000 of Shares under the Plan.

#### When to apply

The Plan will open on **24 April 2014** and will remain open until 5.00pm (AEST) on **15 May 2014**. As soon as practicable after the close of the Offer, the Company will make an ASX announcement as to the outcome of the Plan and the number of Shares to be issued.

- **Subscription and Application Procedure:** If you would like to participate in the Offer, you can either complete the enclosed Application Form and send it together with your payment by cheque made payable to "Exalt Resources Limited" and drawn in Australian currency, to the Company's share registry:

**Computershare Investor Services  
GPO Box 505  
Melbourne VIC 3001**

to be received by the share registry no later than **5pm (AEST)** on the **Closing Date of 15 May 2014**. No late applications will be accepted.

- Or, make a BPAY® payment from your cheque or savings account by using the Biller Code and Reference Number shown on your Application Form which is required to identify your holding.

Under the Offer, Eligible Shareholders may participate by selecting only one of the following offers to purchase Shares under the Plan:

	Total amount payable at AUD \$0.03 per Share	Number of Shares which may be purchased
Offer A	\$10,000	333,333
Offer B	\$7,500	250,000
Offer C	\$5,000	166,667
Offer D	\$2,000	66,667

Once an application has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the **Closing Date of 5pm (AEST) on 15 May 2014**. If the exact amount of money is not tendered with your application, the Company reserves the right to either:

- return your Application Form and/or payment and not allot any Shares to you; or
- allot to you the number of Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

The maximum investment any shareholder may apply for will remain AUD\$10,000 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

### **Custodians and Nominees**

Eligible Shareholders who hold Shares as Custodian or Nominee (**Custodian**) for one or more persons on the Record Date (**Beneficiary**) may apply for up to a maximum amount of AUD\$10,000 worth of Shares in respect of each Beneficiary who is resident in Australia, subject to providing a Custodian Certificate to the Company, as described in the Terms and Conditions enclosed with this letter. Please refer to the Terms and Conditions for more details.

### **Acceptance of Risk Factors**

On the last trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was AUD \$0.026. The market price of Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are issued to you as a result of your application under this Offer.

The Board recommends that you obtain your own financial and taxation advice in relation to the Offer and consider price movements of Shares in the Company prior to making an application under this Offer.

### **Additional Information and Important Dates**

The Offer cannot be transferred and the Directors of the Company reserve the right to reject, or scale back, on an equitable basis, any application. Shares allotted under the Plan will be issued no later than 10 business days after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum amount proposed to be raised under the Offer is AUD \$500,000 and the maximum number of Shares may be issued pursuant to this Offer is 16,666,667. The Company, however, reserves absolute discretion regarding the final amount raised under the Plan.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

### **Foreign offer restrictions**

This letter and the Terms and Conditions may not be released or distributed in any country other than Australia. This letter and the Terms and Conditions do not constitute an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this letter and the Terms and Conditions have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws. Accordingly you must not send copies of the Plan or any other material relating to the Plan to any person in the United States or to any person who is, or is acting for the account or benefit of U.S. Persons.

### **Shortfall Placement**

In the event that less than 16,666,667 Shares are applied for, the shortfall may be placed at the discretion of the directors.

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### Indicative Timetable\*

Record Date (5.00pm AEST)	<b>22 April 2014</b>
Announcement Date of Plan	<b>23 April 2014</b>
Opening Date of Offer	<b>24 April 2014</b>
Closing Date of Offer	<b>5:00pm (AEST) 15 May 2014</b> Application Forms together with payment by cheque or BPAY must be received by this time and date
Issue of Shares under the Plan	<b>22 May 2014</b>
Quotation of new Shares on ASX	<b>26 May 2014</b>
Despatch date for holding statements	<b>28 May 2014</b>

\*These dates are indicative only. The Company may vary the dates and times of the Offer without notice.

Accordingly, shareholders are encouraged to submit their Application Forms as early as possible.

If you choose not to participate in the Offer, your right to participate lapses on the Closing Date.

On behalf of the Board, I invite you to consider this opportunity to increase your investment in the Company.

By applying for New Shares under the Plan, you agree to be bound by the enclosed Terms and Conditions and the Company's constitution. Applications for new Shares under the Plan cannot be withdrawn or altered.

The Plan is governed by the law in force in New South Wales. By submitting an application for New Shares, you submit to the non-exclusive jurisdiction of the Courts of New South Wales.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact the Company Secretary on (02) 8651 7804 or email [info@exaltresources.com.au](mailto:info@exaltresources.com.au).

Yours faithfully

Peter Bennetto

Chairman

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Share Purchase Plan - Terms and Conditions

**This is an important document. If you have any doubts as to what you should do, please consult your stockbroker, lawyer, accountant or financial adviser.**

The purpose of the Share Purchase Plan (**the Plan**) is to offer shareholders of Exalt Resources Limited (**ERD** or **Company**) with the opportunity to subscribe for fully paid ordinary shares in the Company (**Shares**) up to a maximum value of AUD\$10,000 (when combined with any shares issued under any share purchase plan in the 12 months preceding the date of the Plan) at an issue price of AUD\$0.03 per Share, without incurring brokerage or transaction costs (**Offer**).

This Offer under the Plan is made in accordance with the requirements of ASIC Class Order [CO 09/425] which grants relief from the requirement to prepare a prospectus for the offer of Shares in Australia under the Plan.

**Offer timetable\***

<b>Record Date</b> (5.00pm AEST) The date on which ERD determines Eligible Shareholders	22 April 2014
<b>Announcement Date of Plan</b>	23 April 2014
<b>Opening Date</b>	24 April 2014
<b>Closing Date</b> The date on which the Plan closes	5:00pm (AEST) 15 May 2014
<b>Issue Date of Shares</b> The date on which the new Shares are allotted and any scaleback is announced	22 May 2014
<b>Quotation of Shares on ASX</b> The date on which the new Shares commence trading on the ASX	26 May 2014
<b>Despatch Date</b> The date on which holding statements are sent to Shareholders	28 May 2014

\*ERD may alter these dates in its discretion, including the Closing Date of the Offer.

**Shareholders Eligible to Participate**

Holders of Shares that are registered with an Australian address at 5.00pm AEST on the Record Date are eligible shareholders (**Eligible Shareholders**) and may participate in the Plan, unless such registered shareholder holds shares on behalf of another person who resides outside Australia. Due to foreign securities laws, the Company has determined that it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan. Shares to be allotted under the Plan have not been and will not be registered under the U.S. Securities Act and may

not be offered, sold or delivered, directly or indirectly, in or to persons in, the United States.

Participation in the Plan is entirely optional and is subject to these Terms and Conditions. The offer to acquire new Shares is not a recommendation. If you are in doubt about the Plan, whether you should participate in the Offer or how participation will affect you, you should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept this Offer. The Company also recommends that you monitor the Company's share price which can be found on the Australian Securities Exchange website ([www.asx.com.au](http://www.asx.com.au)) (ASX Code: ERD).

Offers made under the Plan are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any Shares offered under the Plan).

Under the Plan, the maximum amount which any Eligible Shareholder may subscribe for in any consecutive 12 month period is AUD\$10,000. The directors of the Company (**Directors**) may also determine in their discretion the minimum and maximum amount for participation, the number of Shares to be offered under the Plan and the period the offer is available to Eligible Shareholders.

If two or more persons are recorded in the register of shareholders of ERD as jointly holding Shares, they are considered to be a single registered holder for the purposes of this Plan and they are entitled to participate in the Plan in respect of that single holding only. If as joint holders, they receive more than one offer under the Plan due to multiple identical holdings, the joint holders may still only contribute a maximum of AUD\$10,000 in applying for Shares under the Offer.

**Custodians, trustees and nominees**

If you are an Eligible Shareholder and hold Shares as a custodian, trustee or nominee within the definition of "custodian" in ASIC Class Order [CO 09/425] (refer below) (**Custodian**), you may contribute a maximum of AUD\$10,000 in applying for up to the maximum of new Shares for each beneficiary on whose behalf you or a downstream custodian hold Shares (but joint holders are taken to be a single holder), subject to providing a certificate to ERD (**Custodian Certificate**) with the following information:

- that you held Shares on behalf of one or more other persons who are resident in Australia (each a **Participating Beneficiary**) at 5:00pm (AEST) on the **Closing Date** who have subsequently instructed you to apply for Shares under the Plan on their behalf;
- the number of Participating Beneficiaries and their names and addresses;
- the number of Shares that you hold on behalf of each Participating Beneficiary;
- the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- that the application price for Shares applied under the Offer for each Participating Beneficiary for whom you act plus the application price for any other Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed AUD\$10,000;
- that a copy of the written Terms and Conditions was given to each Participating Beneficiary; and
- where you hold Shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order [CO 09/425] you are a 'custodian' if you are a registered holder that:

- holds an Australian financial services licence that covers the provision of a custodial or depositary services or includes a condition requiring the holder to comply with the requirements of ASIC Class Order [CO 02/294];
- is exempt from holding an Australian financial services licence for the provision of a custodial or depositary services by virtue of Class Order [CO 03/184] or under paragraph 7.6.01(1)(k) of the *Corporations Regulations 2001* (Cth);
- is a trustee of a self-managed superannuation fund;
- is a trustee of superannuation master trusts;
- is a responsible entity of IDPS-like schemes (as defined by ASIC Class Order (CO 02/296));
- is noted on the Company's register of members as holding the Shares on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined in ASIC Class Order [CO 09/425], you cannot participate for beneficiaries in the manner described above.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact the Company during the Offer period.

ERD reserves the right to reject any application for Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. ERD reserves the right to reject applications in accordance with these Terms and Conditions.

#### Price of Shares

The price of Shares to be issued under the Plan will be AUD\$0.03 per Share.

As at the last trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was AUD\$.026.

The board of ERD has determined the issue price to be AUD\$0.03 as it is of the view that the current market price of Shares does not reflect the underlying value of the Shares given that the Shares are considered illiquid and that an injection of funds pursuant to the Plan may lead to an increase in the market price of Shares prior to the date of issue Shares under the Offer.

#### **THE ISSUE PRICE OF SHARES UNDER THE OFFER DOES NOT REFLECT A DISCOUNT TO THE MARKET PRICE OF SHARES AT THE TIME OF ANNOUNCING THE OFFER.**

The board of EDR is of the view that the issue price of AUD \$0.03 under the Plan will be less than the market price of Shares five (5) trading days before the issue of the Shares under the Plan.

There is no guarantee that the market price of Shares will increase above AUD\$0.03 between the date of Offer and the date of issue of the Shares under the Plan and if, during the five (5) trading days before the issue of the Shares under the Plan, the market price of Shares is lower than the issue price of AUD\$0.03 under the Offer, the Offer will **NOT** proceed and all application monies will be refunded to applicants.

#### Applications and Application Procedure

Under the Offer, Eligible Shareholders may participate by selecting only one of the following offers to purchase Shares under the Plan:

	Total amount payable at AUD\$0.03 per Share	Number of Shares which may be purchased
Offer A	\$10,000	333,333
Offer B	\$7,500	250,000
Offer C	\$5,000	166,667
Offer D	\$2,000	66,667

Applications will not be accepted after 5.00pm AEST on the Closing Date. Over subscriptions to the Offer may be refunded without interest.

If you would like to participate in the Offer, you can either:

- complete the enclosed Application Form and send it together with your payment by cheque made payable to "Exalt Resources Limited" and crossed Not Negotiable and drawn in Australian currency for the correct amount, to ERD's share registry:

**Computershare Investor Services  
GPO Box 505  
Melbourne VIC 3001**

to be received by the share registry no later than 5pm (AEST) on the Closing Date. No late applications will be accepted.

- Or, make a BPAY® payment from your cheque or savings account by using the Biller Code and Reference Number shown on your Application Form which is required to identify your holding. If you have multiple holdings you will have multiple BPAY Reference Numbers. To ensure you receive your Shares under the Offer in respect of that holding you must use the specific Biller Code and Reference Number shown on each personalised Application Form when paying for any Shares that you may wish to apply for in respect of that holding (noting the Offer is limited to AUD\$10,000 per Eligible Shareholder). If you inadvertently use the same Reference Number for more than one of your applications, you will be deemed to have applied only for that application to which that Reference Number applies and any excess amount will be refunded. If you make your payment using BPAY® you do not need to return your Application Form. Payments made by BPAY® received after 5pm (AEST) on the **Closing Date** will not be accepted. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

Applicants should not forward cash and direct bank transfers are not permitted. You will not be able to withdraw or revoke your application once you have submitted it.

#### Acknowledgement and Agreement

If you apply to participate in the Plan by completing and returning the Application Form or making payment using BPAY®:

- you confirm that you are an Eligible Shareholder and represent and warrant that you are not a person to whom it would be illegal to make an offer or issue of Shares under the Plan;

(b) you have read the Terms and Conditions in full and agree that your application is made in accordance with these Terms and Conditions;

(c) you declare that all statements in your Application Form are true and complete and not misleading;

(d) you accept that your application, under the Terms and Conditions (including the Application Form and Custodian Certificate), is irrevocable and unconditional (i.e. it cannot be withdrawn);

(e) as at the Record Date, you were recorded on ERD's share register as being a registered holder of Shares and having an address in Australia;

(f) you and each person for whose account or benefit you are acting is not in the United States and is not a U.S. Person, or acting for the account or benefit of a U.S. Person;

(g) you acknowledge that the new Shares have not, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, and the new Shares may not be offered, sold or otherwise transferred unless an exemption from the registration requirements of the U.S. Securities Act is available;

(h) you represent that you have not, and you agree that you will not, send any materials relating to the Plan to any person in the United States or to any person who is, or is acting for the account or benefit of, a U.S. Person;

(i) you authorise ERD (and its offers or agents) to correct any error or omission in your Application Form and to complete the Application Form by the insertion of any missing details;

(j) you acknowledge that ERD may at any time determine that your Application Form is valid, in accordance with these Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;

(k) you agree that where you have previously provided ERD or its share registry with bank account details, any refund to be paid to you under these Terms and Conditions may be direct credited into that nominated account;

(l) you accept the risk associated with any refund that may be sent to you by direct credit or cheque to your address shown on ERD's register;

(m) you are responsible for any dishonour fees or other costs ERD may incur in presenting a cheque for payment which is dishonoured;

(n) you agree to be bound by the constitution of the Company (as amended and as it may be amended from time to time in the future);

(o) you acknowledge that neither ERD nor Computershare has provided you with investment advice or financial product advice, and that neither has any obligation to provide this advice, concerning your decision to apply for and buy new Shares under the Plan; and

(p) you acknowledge that ERD is not liable for any exercise of its discretions referred to in these Terms and Conditions.

If you choose not to participate in the Offer, your right to participate lapses on the Closing Date.

#### **Certification by Eligible Shareholders**

By submitting the Application Form together with a cheque, bank draft or money order, or paying by BPAY you certify that the aggregate of the application price paid by you for:

- (a) the Shares the subject of such Application Form; and
- (b) any other new Shares applied for by you, or which you have instructed a Custodian to acquire on your behalf under the Plan and/or any similar arrangement operated by ERD in the 12 months prior to the date of submission of the Application Form,

does not exceed A\$10,000 even though you may have received more than one offer under the Plan or received offers in more than one capacity under the Plan.

The A\$10,000 limit applies irrespective of the number of Shares you hold on the Record Date. ERD reserves the right, and in certain circumstances may be required by ASIC Class Order [CO 09/425] or other conditions, to reject any application for new Shares under the Plan to the extent it considers, or is reasonably satisfied, that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

#### **Placement of Shortfall**

Any shortfall from the Offer may be placed at the discretion of the Directors.

#### **Issue of Shares**

Shares to be issued under the Plan will be issued as soon as reasonably practicable after the Closing Date.

Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in ERD from the date of issue, and therefore will carry the same voting rights, dividend rights and other entitlements as existing Shares.

Shareholding statements or CHES notification will be issued in respect of all Shares issued under the Plan. The Company will make application for those Shares to be listed for quotation on the official list of ASX.

#### **Interest**

No interest will be paid on any application monies under the Offer, including any application monies returned to you.

#### **Modification and Termination of the Plan**

ERD may modify or terminate the Plan at any time. ERD will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, ERD may issue to any person fewer Shares than the person applied for under the Plan if the issue of the Shares applied for would contravene any applicable law or the Listing Rules of ASX.

#### **Raising Amount and Scaleback**

The number of Shares that may be issued pursuant to this Offer is approximately 16,666,667 Shares and the amount to be raised is approximately AUD\$500,000. The Company, however, reserves absolute discretion regarding the final amount raised under the Plan.

In the event of an oversubscription by the Closing Date, the Directors may, in their absolute discretion, scale-back all applications on a pro-rata basis. If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

**Non-renounceable Offer**

The offer to acquire Shares under the Plan is non-renounceable. This means that you cannot transfer your right to purchase new Shares under the Offer to a third party.

**Binding terms**

By accepting the offer to purchase new Shares under the Plan, you agree to be bound by these Terms and Conditions and the constitution of ERD.

**Underwriting**

The Offer will not be underwritten.

**Brokerage and transaction costs**

No brokerage or other transaction costs are payable by you for the acquisition of new Shares under the Plan. The only cost to you is the issue price of the new Shares.

**Jurisdiction**

These Terms and Conditions are governed by the laws in force in New South Wales. By accepting this offer, you submit to the non-exclusive jurisdiction of the courts of New South Wales.

**Questions and Contact Details**

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or the Company Secretary on (02) 8651 7804.

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