

EXALT RESOURCES LIMITED

ASX Code: ERD

SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with and supplement the prospectus dated 7 September 2012 (**Original Prospectus**) issued by Exalt Resources Limited ACN 145 327 617 (**Company**).

This Supplementary Prospectus contains particulars of changes to the Original Prospectus.

This Supplementary Prospectus is dated 24 October 2012 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. ASIC, ASX Limited (**ASX**) and their respective officers do not take any responsibility as to the contents of this Supplementary Prospectus.

Other than as set out below, all details in relation to the Prospectus remain unchanged. To the extent there is any inconsistency between this Supplementary Prospectus and the Original Prospectus, the provisions of this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Original Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus will be issued with the Original Prospectus as an electronic prospectus and may be accessed on the Company's website at www.exaltresources.com.au.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

1. Revised Offer

The Company has revised the terms of the Offer and now offers for subscription up to 50,000,000 Shares at \$0.20 per Share to raise up to \$10 million. The minimum subscription to be raised pursuant to the Offer is now \$5 million.

Each reference in the Original Prospectus to the minimum subscription to be raised pursuant to the Offer should be read as a reference to \$5 million or 25,000,000 Shares (as applicable) and each reference in the Original Prospectus to the maximum subscription to be raised pursuant to the Offer should be read as a reference to \$10 million or 50,000,000 Shares (as applicable).

Pursuant to section 724(2) of the Corporations Act, Applicants who have lodged Applications under the Original Prospectus (if any) will be entitled, within one month after service of this Supplementary Prospectus on them, to withdraw their Applications and be repaid their Application Money.

2. Extension to Closing Date

In addition to the extensions announced on 21 September 2012 and 9 October 2012, the Directors have resolved to further extend the Closing Date. Accordingly, references to the Closing Date in the Original Prospectus are amended and the indicative timetable set out in section 1.5 of the Original Prospectus is replaced with the following indicative timetable:

Key Event	Date
Prospectus lodged with ASIC	7 September 2012
Opening Date	7 September 2012
Supplementary Prospectus lodged with ASIC	24 October 2012
Estimated Closing Date	5.00 pm on 26 October 2012
Issue and Allotment of Shares under the Offer and settlement of the Proposed Transaction	9 November 2012
Expected despatch of holding statements and any refund payments (if required)	14 November 2012
Trading in Shares reinstated by ASX (subject to satisfaction of Chapters 1 and 2 of the Listing Rules)	21 November 2012

Note: This timetable is indicative only. Unless otherwise indicated, all times are Australian Eastern Daylight Time. The Company reserves the right to vary the dates and times of the Offer, including closing the Offer early, or withdrawing the Offer, to extend the Closing Date or to accept late Applications, either generally or in particular cases, without notifying any recipient of this Prospectus or any Applicants. Any changes will be released to the ASX. Investors are encouraged to submit their Applications as soon as possible after the opening of the Offer as the Offer may close at any time without notice. Trading in Shares will only be reinstated by the ASX after the Company has completed the Proposed Transaction and the Company has complied with Chapters 1 and 2 of the Listing Rules. Alternatively, in the event the conditions to the Offer are not satisfied or the Company does not receive conditional approval for re-quotation on ASX, then the Company will not proceed with the Offer and will

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repay all Application Monies received without interest and the Company will seek re-quotation of its Shares. The Company will endeavour to minimise the period of suspension as much as possible.”

3. Indonesian Projects

Odni has progressed its proposed acquisition of the Indonesian Projects since the date of the Original Prospectus. Please refer to section 10 of this Supplementary Prospectus for an update on each of the Indonesian Projects.

4. Capital Structure

The table titled “Fully Paid Ordinary Shares” in section 1.8 of the Original Prospectus is replaced with the following table.

“Fully Paid Ordinary Shares

"SHARES	Minimum Subscription (\$5 million)	%	Maximum Subscription (\$10 million)	%
Shares on issue at date of Prospectus	28,875,003	36.6	28,875,003	27.8
Shares issued to Odni Sellers ¹	25,000,000	31.7	25,000,000	24.1
Shares offered under this Prospectus	25,000,000	31.7	50,000,000	48.1
Total Shares following completion of the Offer and Proposed Transaction	78,875,003	100.0	103,875,003	100.0

Notes:

- (1) Of the 25,000,000 Shares to be issued to the Odni Sellers pursuant to the Share Purchase Agreement, the Delayed Shares will be issued following the reinstatement of the BIG IUP to the ‘clean and clear’ list issued by the ESDM. For further details please refer sections 10 and 11 of the Supplementary Prospectus.”

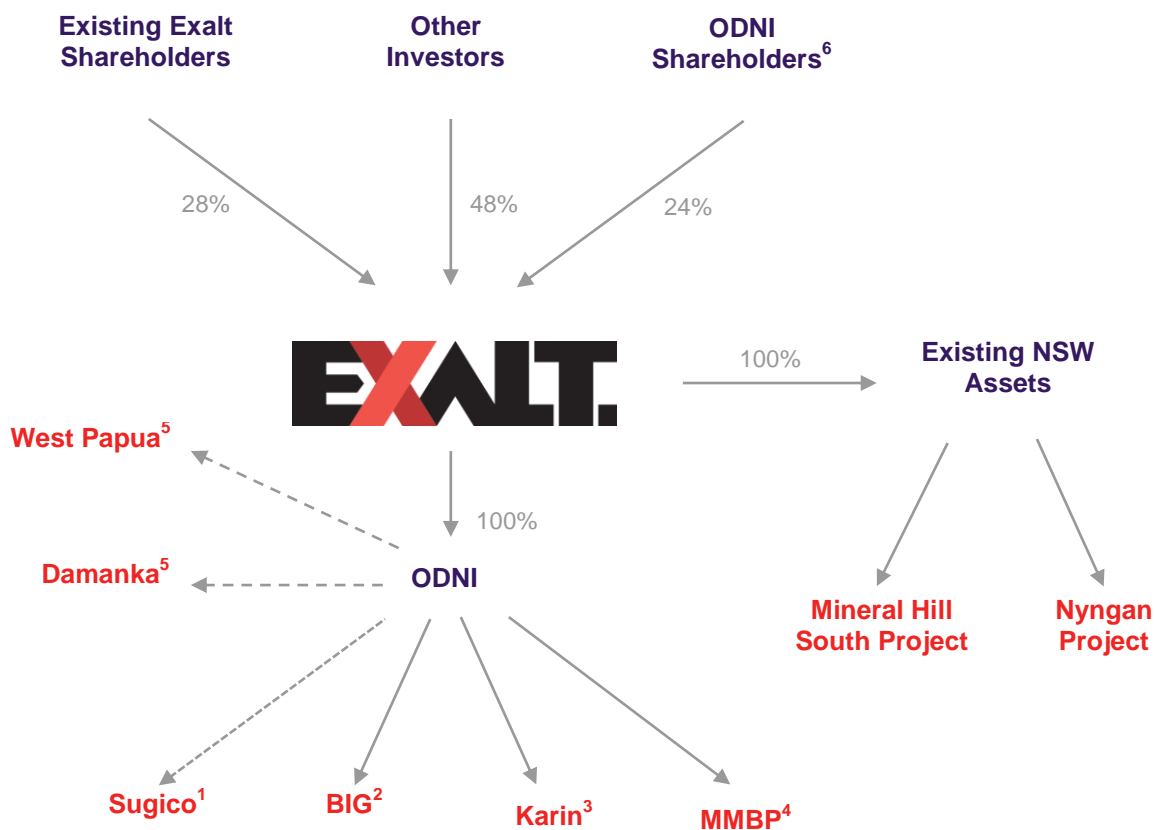
5. Corporate Structure

The paragraph titled “Structure” in section 3.1 of the Original Prospectus is replaced with the following:

“Structure

Following completion of the Proposed Transaction and the Offer, the corporate structure of the Company is expected to be as follows, based on the maximum subscription being raised under the Offer.

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Notes:

- (1) Odni is negotiating a Share Purchase Agreement to acquire a 50% interest in the traditional coal mining rights and benefits in the Sugico IUPs. The Company does not presently have any legal or beneficial rights to acquire the Sugico Interest.
- (2) Odni has entered into a conditional share purchase agreement to acquire 100% of the shares of PT Bakti Inti Guna, the holder of the BIG IUP.
- (3) Odni has entered into a conditional share purchase agreement to acquire 100% of the shares of PT Karindangan, the holder of the Karin IUP.
- (4) Odni has agreed the terms of a conditional share purchase agreement to acquire 100% of the shares of PT Mitra Maju Bangun Persada, the holder of the MMBP IUP.
- (5) Project Damanka and West Papua are considered projects of interest for the Company and continue to be reviewed from a commercial, legal and technical due diligence perspective. The Company does not have any legal or beneficial rights to acquire an interest in these projects.
- (6) Of the 25,000,000 Shares to be issued to the Odni Sellers pursuant to the Share Purchase Agreement, the Delayed Shares will be issued following the reinstatement of the BIG IUP to the 'clean and clear' list issued by the ESDM. This chart assumes that all such Shares have been issued. For further details please refer sections 10 and 11 of the Supplementary Prospectus."

6. Substantial Shareholders

Section 1.9 of the Original Prospectus is replaced with the following:

“The substantial Shareholders in the Company, being those who hold greater than 5% of the Shares:

- (a) as at the date of this Prospectus; and
- (b) following completion of the Offer and the Proposed Transaction (assuming (i) the substantial Shareholders do not acquire any Shares under the Offer; and (ii) the minimum or maximum subscription under the Offer is raised) are set out below:

	Date of Prospectus		Completion of Offer and Proposed Transaction (assuming minimum subscription)		Completion of Offer and Proposed Transaction (assuming maximum subscription)	
	Shares	%	Shares	%	Shares	%
Geba Pty Ltd	2,583,333	8.95	2,583,333	3.17	2,583,333	2.43
Cangu Pty Ltd	1,565,000	5.42	1,565,000	1.92	1,565,000	1.47
Sandford Pte Ltd			7,625,000	9.37	7,625,000	7.17
Universal Coal Holdings Ltd			5,750,000	7.07	5,750,000	5.41
Viceroy Investments Pte Ltd			5,750,000	7.07	5,750,000	5.41

Notes:

- (1) Of the 25,000,000 Shares to be issued to the Odni Sellers pursuant to the Share Purchase Agreement, the Delayed Shares will be issued following the reinstatement of the BIG IUP to the ‘clean and clear’ list issued by the ESDM. This table assumes that all such Shares have been issued. For further details please refer sections 10 and 11 of the Supplementary Prospectus.

The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Offer) prior to the Shares re-commencing trading on ASX.”

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7. Use of Funds

The revised use of funds table set out below replaces the table in section 1.6 of the Original Prospectus and, where the context requires, all other references to use of funds in the Original Prospectus are to be read accordingly.

"APPLICATION	Note Ref	Minimum Subscription (\$5 million)	% Use of Funds	Maximum Subscription (\$10 million)	% Use of Funds
Exploration Expenditure – Project Sugico	(1)	\$0		\$1,500,000	15.0
Exploration Expenditure – Project MMBP	(1)	\$994,900	19.9	\$1,284,900	12.8
Exploration Expenditure – Project BIG	(1)	\$981,900	19.6	\$1,260,440	12.6
Exploration expenditure Project Karin	(1)	\$765,750	15.3	\$1,007,250	10.1
Part re-imburement to Ruck Pty Ltd	(2)	\$0		\$750,000	7.5
Working capital	(3)	\$1,027,450	22.5	\$2,667,410	27.7
Option fees payable for Indonesian Projects	(4)	\$550,000	9.0	\$550,000	4.5
Costs of the Offer	(5)	\$680,000	13.6	\$980,000	9.8
Total		\$5,000,000	100.0	\$10,000,000	100.0

Notes:

- (1) For a detailed breakdown of the proposed exploration expenditure for each project, please refer to table 7.1 in the Independent Technical Review in section 6 of this Prospectus. In relation to the budgeted exploration expenditure on Project Sugico, the Company will only expend exploration funds if Odni has a present right to explore in relation to the Sugico IUPs. If Odni does not have a present right to explore with respect to the Sugico IUPs, the Company will apply the exploration funds budgeted for Project Sugico towards exploration of the IUPs in relation to which Odni has a present right to explore.
- (2) Pursuant to the Share Purchase Agreement, the Company will pay to Ruck Pty Ltd, as part reimbursement of the expenditure incurred to date by Ruck in the development of the

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Indonesian Projects, costs depending on the amount of capital raised and subject to the Listing Rules. If the Company raises more than \$5 million, but less than \$10 million, the amount payable to Ruck Pty Ltd will be a pro-rata amount between \$0 to \$750,000. Please refer to section 10.5.1(f) of this Prospectus for further details.

- (3) Working capital includes the normal general and administrative costs associated with running a public company, including but not limited to salaries and Director fees, technical consulting fees, legal fees, rental of office premises, investor relations and finance and accounting fees.
- (4) Option fees payable relate to Projects MMBP, BIG and Karin.
- (5) Please refer to section 10.13 of this Prospectus for details associated with the costs of the Offer.

The above table is a statement of current intentions as of the date of lodgment of the Supplementary Prospectus with ASIC. Although the proceeds of the Offer are intended to be used as set out in the above table, the actual use of the proceeds may change depending upon the progressive results of the exploration program, the analysis of those results, opportunities for third parties to fund parts of the exploration program and opportunities which may arise for the acquisition of interests in additional projects. The Board reserves the right to alter the way funds are applied on this basis.

With respect to the use of funds outlined above, the Board believes that on completion of the Offer, the Company will have sufficient working capital to achieve its objectives, being namely to fund the expenditure commitments and the exploration and development of the Indonesian Projects, general working capital and meet the expenses of the Offer.”

8. Costs of the Offer

The table in section 10.13 of the Original Prospectus detailing the costs of the Offer is replaced with the following table and, where the context requires, all other references to the costs of the Offer in the Original Prospectus are to be read in accordance with this table:

“COSTS OF THE OFFER	Minimum Subscription (\$5 million)	Maximum Subscription (\$10 million)
Capital Raising Fees	300,000	600,000
Legal costs of the Offer	200,000	200,000
Investigating Accountant’s costs	20,000	20,000
Independent Technical Review	25,000	25,000

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ASX and ASIC costs	85,000	85,000
Printing, postage and share registry	50,000	50,000
Total Offer costs	680,000	980,000”

9. Board

The Board has now been supplemented by the appointment of Mr William Moss as Non-Executive Chairman, effective 22 October 2012. With the appointment of Mr Moss, Mr Emmanuel Correia has stepped down as chairman but retains a position as a Non-Executive Director and all references to Mr Correia as chairman in the Original Prospectus are to be read accordingly.

Consequently, the table in section 4.4.1 of the Original Prospectus is amended so that the response with respect to Recommendation 2.2 of that table is ‘Y’. Further, as a result of the appointment of Mr William Moss, following the appointment of the Proposed Directors, the Board will have a majority of independent directors, as recommended by the Principles and Recommendations. References in section 4.4.1 of the Original Prospectus are amended in accordance with the above.

The Board is now structured as outlined below and, where the context requires, all references in the Original Prospectus to the structure of the Board, including section 1.10 of the Original Prospectus, are to be read accordingly:

Directors

Mr William Moss, Non-Executive Chairman

Barry Tudor, Chief Executive Officer and Managing Director

Emmanuel Correia, Non-Executive Director

James Malone, Non-Executive Director

Shane Hartwig, Non-Executive Director and Company Secretary

Proposed Directors

Mr Romy H.R Soekarno (Proposed Non-Executive Director)

Mr Edward Lee Kwong Foo (Proposed Non- Executive Director)

The following paragraph is to be inserted in section 4.1 of the Original Prospectus:

“William Moss, Non-Executive Chairman

William Moss AM has been a senior executive within the finance industry in Australia and globally over the past 30 years. He has extensive experience in funds management, banking and property, listed entities and developing markets.

Mr Moss retired as Group Head and Managing Director of the Banking and Property Group within Macquarie Group in 2007, having created this global business 23 years earlier.

Mr Moss was a member of Macquarie's Executive Committee for the last 10 years. On Mr Moss' departure he left a business employing over 1600 staff, with offices in nine countries, and in excess of \$23 billion dollars of real estate under management.

In recent years Mr Moss has founded and is Chairman of the FSHD Global Research Foundation. Mr Moss has also established, and is Chairman of, Moss Capital. Mr Moss recently ended his role as Co-Chair of Territory 2030, a Northern Territory Government 20 year Strategy Group.

Mr Moss regularly features in the Australian media, providing comment on the finance and banking sectors, the global economy, and the ongoing need for Australia to do more to advance the interests of the country's disabled and disadvantaged.

In 2006, Mr Moss was awarded one of Australia's highest honours, the Order of Australia (AM), for services to the banking, charity, and finance sectors.

Subject to obtaining the required Shareholder approvals at the upcoming Annual General Meeting of the Company (**Annual General Meeting**), the Company has agreed to:

- (a) pay Mr Moss annual Director's fees totalling \$150,000; and
- (b) issue Mr Moss (or his nominee) 2,000,000 options to purchase Shares (**Moss Options**).

Further, subject to obtaining the required Shareholder approval at the Annual General Meeting, Mr Moss has advised the Board that he intends to subscribe for up to 2,500,000 Shares on the same terms as the Offer under the Original Prospectus as supplemented and amended by the Supplementary Prospectus, ie at an issue price of \$0.20. Any funds raised from Mr Moss's subscription for Shares will not count towards the minimum subscription amount to be raised pursuant to the Offer.

As at the date of the Supplementary Prospectus, Mr Moss does not have any relevant interests in the securities of the Company.

The terms and conditions of the Moss Options proposed to be issued to Mr Moss (or his nominee) following obtaining the required Shareholder approval at the Annual General Meeting are as follows:

- (a) (**Entitlement**) Each Moss Option entitles the holder on exercise to be issued one Share.
- (b) (**Manner of exercise**) Provided the Moss Options have vested in accordance with paragraph (m) below, the Moss Options are to be exercised by completing an option exercise form and providing payment for the number of Shares in respect of which the Moss Options are exercised, to the registered office of the Company.
- (c) (**Exercise Price**) The exercise price of the Moss Options is \$0.20 each;

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- (d) **(Expiry date)** The exercise period for the Moss Options commences when the Moss Options are issued and expires at 5.00pm AEST in relation to the Moss Options, four years from the date of issue;
 - (e) **(Not transferable)** The Moss Options are not transferable.
 - (f) **(Ranking)** All Shares issued upon exercise of the Moss Options will rank pari passu in all respects with the Company's then issued Shares.
 - (g) **(Official Quotation)** The Company will not apply for the Official Quotation of the Moss Options. The Company will apply for Official Quotation of all Shares issued upon exercise of the Moss Options.
 - (h) **(New issues)** There are no participating rights and entitlements inherent in the Moss Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Moss Options without exercising their Moss Options. However, the Company will ensure that the Moss Option holders will be allowed ten business days' notice to convert the Moss Options to Shares to participate in an entitlement issue on the same basis as Shareholders.
 - (i) **(Takeover)** If any takeover bid (including by way of scheme of arrangement or otherwise) is publicly announced in respect of the Company, then the following provisions apply in relation to the takeover bid:
 - (i) the Company must promptly give written notice of the takeover bid to the Moss Option holder whereupon all Moss Options (which have not lapsed or expired), notwithstanding anything to the contrary, must be exercised at any time prior to the expiry of the later of:
 - A. 60 days after receiving such notice; and
 - B. the date that a takeover bid (which is recommended for acceptance by the Board) becomes unconditional,("Takeover Exercise Period") or, if applicable, within the further seven day period referred to in (iv) below.
 - (ii) The dates referred to in paragraph (i)(i)(A) and (B) above only apply where they occur before the relevant expiry date. For the avoidance of doubt, where the expiry date occurs before a date referred to in (i)(i)(A) or (B), the Moss Options must be exercised on or before the expiry date.
 - (iii) If, during the Takeover Exercise Period, the person making the takeover bid ("**bidder**") offers to grant options in the capital of the bidder ("**Replacement Options**") to the Moss Option holder (and, for the avoidance of doubt, this does not obligate the Company in any way to procure such an offer from the bidder) in consideration for the cancellation or acquisition of the Moss Options, the Moss Option holder may, in his or her discretion, accept such Replacement Options instead of exercising the Moss Options.

- (iv) If no offer of Replacement Options is made during the Takeover Exercise Period and accepted, the Moss Option holder has (other than in the case of a scheme of arrangement) a further seven days' grace after the expiry of the Takeover Exercise Period within which to exercise the Moss Options (“**Grace Period**”), whereupon unexercised Moss Options will lapse. For the avoidance of doubt, where the expiry date occurs before the end of the Grace Period, the Moss Options must be exercised on or before the expiry date. In the case of a scheme of arrangement, the Moss Options will lapse at the end of the Takeover Exercise Period.
- (v) If the takeover bid lapses or is withdrawn or closes without being recommended for acceptance by the Board, whether the bid is conditional or unconditional, then the provisions of all the paragraphs hereof will revive in respect of any unexercised Moss Options which Moss Options will remain on foot.
- (j) (**Reorganisation of capital**) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the relevant expiry date, the number of Moss Options or the exercise price, or both, shall be reconstructed in accordance with the Listing Rules.
- (k) (**Adjustment for bonus issues**) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of a Moss Option will be increased by the number of Shares which Mr Moss (or his nominee) would have received if he had exercised the Moss Option before the record date for the bonus issue; and
 - (ii) no change will be made to the exercise price.
- (l) (**Adjustment for pro rata issue**) If the Company makes a pro rata issue of Shares or other securities to Shareholders (other than a bonus issue or an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of a Moss Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old exercise price of the Moss Option.

E = the number of underlying Shares into which one Moss Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the five trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

- (m) **(Vesting of Options)** The Moss Options vest as follows:
- (i) one third of the Moss Options are exercisable on the first anniversary of the date of Mr Moss's appointment as a Director. If the resulting number of options contains a fraction, such number shall be rounded down to the next lowest whole number;
 - (ii) one third of the Moss Options are exercisable on the second anniversary of the date of Mr Moss's appointment as a Director. If the resulting number of options contains a fraction, such number shall be rounded down to the next lowest whole number; and
 - (ii) the balance of the Moss Options are exercisable on the third anniversary of the date of Mr Moss's appointment as a Director,

provided the Moss Option holder continues to be employed or engaged by the Company. Where such engagement or employment ceases with the Company, the Moss Options (which are not vested at that point in time) will no longer vest.”

10. Indonesian Projects - Update

Set out below are updates on each of the Indonesian Projects and, where the context requires, each of sections 1.7.1, 3.2, 3.3 and 10.5.4 to 10.5.7 of the Original Prospectus are to be read accordingly.

Project Sugico – As at the date of this Supplementary Prospectus, the Sugico Agreement has not been signed and the Sugico Intent Letter has expired. Subject to receiving valid Applications for \$10,000,000 pursuant to the Offer, the Company intends to demonstrate to the Sugico Sellers that Odni will have US\$1,500,000 available to be applied towards the agreed exploration program with respect to the Sugico IUPs. The Directors believe that if Odni can demonstrate this funding capability, the Sugico Sellers could be willing to finalise the negotiations of the terms of the Sugico Agreement with Odni, in particular, the timing of the payments to the Sugico Sellers. If Odni is unable to finalise negotiations in respect of the Sugico Agreement, the Company does not intend to proceed with Project Sugico. The Company will not make any payments to the Sugico Sellers unless the Sugico Agreement is finalised and executed.

Project BIG – On 15 October 2012, Odni paid to the BIG Sellers a non-refundable deposit of \$200,000, as contemplated in section 10.5.5(a) of the Original Prospectus. The Company understands that Odni and the BIG Sellers will now work towards satisfying the other conditions precedent to the BIG Agreement, including commencing exploration activities.

The Company has been advised that the BIG IUP has been removed from the ESDM's 'clean and clear' list, as announced in CNC List No 7 issued on 16 October 2012. The Company understands that the reason for this removal is that the BIG IUP (together with three other IUP issued by Bulungan district) straddles the boundary between Bulungan (the district which issued the IUP) and Berau district to its south.

The Company understands that IUP which cross district boundaries should be issued by the provincial authorities, rather than the district authorities. The Company also understands that ESDM is in talks with regional authorities as to how to resolve boundary uncertainty issues and resolution is expected by 31 December 2012. The Company intends to continue its investigations and discussions with the ESDM and will update the market in due course.

The Delayed Shares to be issued to the Odni Sellers pursuant to the Share Purchase Agreement will not be issued until the BIG IUP is reinstated on the 'clean and clear' list issued by the ESDM.

All references in the Original Prospectus to Project BIG being on the 'clean and clear' list are to be read accordingly.

Project MMBP - Odni has agreed the terms of a conditional share purchase agreement between Odni and the MMBP Sellers in relation to the purchase of the MMBP Shares (**MMBP Purchase Agreement**). The MMBP Purchase Agreement has been executed by the MMBP Sellers and the Company expects Odni to countersign this document shortly. Further details of this agreement are set out in section 13 of this Supplementary Prospectus. Once signed, the MMBP Purchase Agreement will supersede the MMBP Agreement, which provided Odni an option to purchase the MMBP Shares. The MMBP Purchase Agreement will provide Odni with the right to acquire the MMBP Shares, subject to a number of conditions. Accordingly all references in the Original Prospectus to Odni's rights to Project MMBP being obtained through the MMBP Agreement should be read accordingly.

A non-refundable deposit of US\$100,000 is payable by Odni to the MMBB Sellers by 31 October 2012. If the Company has not received valid Applications for at least the minimum subscription prior to this date, the Company intends to procure Odni to extend the due date for this payment.

Project Karin – Odni has negotiated an extension to the date by which the next installment of the purchase price under the Karin Agreement (US\$250,000) is due, to 31 October 2012. The relevant letter agreement detailing this extension has been signed by the Karin Sellers and the Company expects Odni to countersign this document shortly. If the Company has not received valid Applications for at least the minimum subscription prior to this date, the Company intends to procure Odni to extend the due date for this payment.

11. Deed of Amendment – Share Purchase Agreement

On 24 October 2012, the Company, Odni and the Odni Sellers entered into a deed of amendment (**Amendment Deed**), pursuant to which certain terms of the Share Purchase Agreement were varied. Accordingly, the summary of the Share Purchase Agreement in section 10.5.1 of the Original Prospectus is amended as follows:

- (a) (**Conditions precedent**) The following paragraph is inserted as sub-paragraph (a)(vi):
- “the Company raising at least \$5,000,000 pursuant to the Offer. Prior to the Amendment Deed, the condition precedent to the completion of the Share Purchase Agreement required the Company to raise at least \$10,000,000 pursuant to the Offer.”
- (b) (**Conditions satisfaction**) Sub-paragraph (b) is replaced with the following:

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“The conditions precedent referred to at sub-paragraphs (a)(i) (Company’s due diligence), (a)(ii) (Odni Sellers’ due diligence) and (a)(iv) (Board and Odni’s board approval) must be satisfied on or before 9 November 2012. All other conditions precedent under the Share Purchase Agreement must be satisfied on or before 14 December 2012.”

(c) **(Reimbursement)** Sub-paragraph (f) is replaced with the following:

" As part reimbursement of the expenditure incurred by Ruck Pty Ltd to date in the development of the Indonesian Projects, upon the provision of reasonable evidence of such expenditure, the Company will pay Ruck Pty Ltd on the Odni Completion Date either:

- (i) \$1.5 million if the Company has raised at least \$20 million through the Offer;
- (ii) a pro-rated amount of between \$750,000 and \$1.5 million if the Company has raised more than \$10 million, but less than \$20 million through the Offer;
- (iii) \$750,000 if the Company has raised \$10 million through the Offer;
- (iv) a pro-rated amount of between \$0 and \$750,000 if the Company has raised more than \$5 million, but less than \$10 million through the Offer; or
- (v) \$0 if the Company raises \$5 million or less through the Offer.”

(d) **(Consideration)** The following paragraph is inserted below the table at sub-paragraph (d):

“At completion of the Share Purchase Agreement, the Company will issue to the Odni Sellers all the Consideration Securities with the exception of the Delayed Shares. The Company will only issue any Delayed Shares to the Odni Sellers if:

- (i) the entire BIG IUP is listed as ‘clean and clear’ in a list issued by the ESDM after the date of this Supplementary Prospectus, or it is proven to the Company’s satisfaction, acting reasonably, that the entire BIG IUP will be listed as ‘clean and clear’ in a list issued by the ESDM after the date of this Supplementary Prospectus. If this is the case, the Odni Sellers will be entitled to be issued all Delayed Shares;
- (ii) part of the BIG IUP is listed as ‘clean and clear’ in a list issued by the ESDM after the date of this Supplementary Prospectus and that part is determined by the Company, acting reasonably, to be commercially viable, or it is proven to the Company’s satisfaction, acting reasonably, that a commercially viable part of the BIG IUP will be listed as ‘clean and clear’ in a list issued by the ESDM after the date of this Supplementary Prospectus. If this is the case, the Odni Sellers will be entitled to be issued a percentage of the Delayed Shares equivalent to the percentage of the BIG IUP which is listed as ‘clean and clear’; or
- (iii) the issue in relation to the BIG IUP not being listed as ‘clean and clear’ in the recent list issued by the ESDM is resolved in any other manner, the Odni Sellers will be entitled to be issued, a number of the Delayed Shares to be agreed by the Company and the Odni Sellers acting reasonably.

If the Company seeks Shareholder approval for the issue of Delayed Shares to any of the Odni Sellers, and the Shareholders do not approve the issue, then Odni must transfer all its legal

and beneficial rights and interests to the BIG IUP, or the BIG Company, to a nominee of the Odni Sellers within 30 days of the Shareholder meeting.

Until such time as all, or some, of the Delayed Shares are issued to the Odni Sellers, the Company has an obligation under the Share Purchase Agreement to:

- (i) seek Shareholder approval to refresh its 15% capacity under Listing Rule 7.1 at every general meeting;
- (ii) seek Shareholder approval to approve an additional 10% placement capacity under Listing Rule 7.1A at every annual general meeting; and
- (iii) with respect to any issue of equity securities (other than the Delayed Shares and Shares the Company can issue under an exemption to Listing Rule 7.1), use its reasonable endeavours to seek the approval of Shareholders under Listing Rule 7.1, unless it is not desirable or practicable to do so, as determined by the Company in its sole discretion.”

12. Corpac Services Agreement

On 24 October 2012, the Company and Corpac entered into an amendment deed, pursuant to which certain terms of the Corpac Services Agreement were varied. Accordingly, the summary of the Corpac Agreement in section 10.5.2 of the Original Prospectus is amended as follows:

- (a) **(Termination)** The following is inserted as sub-paragraph (d)(iv):
 - “(iv) If the Company raises gross proceeds of less than \$5 million pursuant to the Offer, Corpac and the Company will negotiate in good faith the terms of a revised agreement for the supply of services.”
- (b) **(Base Fee)** Sub-paragraph (h) (Base Fee) is replaced with the following:

“The Company will pay Corpac a monthly Base Fee, which:

 - (i) if the Company raises gross proceeds of at least \$10,000,000 pursuant to the Offer, will be \$40,000.00 per month (indexed annually by CPI); or
 - (ii) if the Company raises gross proceeds of more than, or equal to \$8,000,000 but less than \$10,000,000 pursuant to the Offer, will be a pro-rated amount between \$32,000 and \$40,000 (indexed annually by CPI); or
- (iii) if the Company raises gross proceeds of more than, or equal to \$5,000,000 but less than \$8,000,000 pursuant to the Offer, will be:
 - (A) \$8,333.33 per month (indexed annually by CPI); and
 - (B) the Company will:
 - (i) issue 950,000 Shares to Corpac per annum (provided the Company obtains any required Shareholder approval or regulatory approval under the Corporations Act or Listing Rules). The Shares are to be issued in two

tranches, at approximately six month intervals, during each yearly period of the term of the Corpac Services Agreement; and

- (II) to the extent the Company does not issue any Shares for a year, the Company will pay Corpac an amount equal to \$0.20 multiplied by the number of Shares not issued for that year.

If the Company (together with its Related Bodies Corporate) has more than \$15,000,000 cash in its bank account at any stage during the term of the Corpac Services Agreement, the Base Fee will be \$40,000 per month (indexed annually by CPI), on and from the date on which the Company's cash holding exceeds that threshold."

- (c) **(Deferral Fee)** Sub-paragraph (j) (Deferral of fees) is deleted.

13. Ex Mining Services Agreement

On 24 October 2012, the Company and Ex Mining Services entered into an amendment deed, pursuant to which certain terms of the Ex Mining Services Agreement were varied. Accordingly, the summary of the Ex Mining Services Agreement in section 10.5.3 of the Original Prospectus is amended as follows:

- (a) **(Termination)** The following is inserted as sub-paragraph (d)(iv):
 - "(iv) If the Company raises gross proceeds of less than \$5 million pursuant to the Offer, Corpac and the Company will negotiate in good faith the terms of a revised agreement for the supply of services."
- (b) **(Base Fee)** Sub-paragraph (f) (Fee) is replaced with the following:

"**(Fee)** The Company will pay Ex Mining Services a monthly Fee and must reimburse Ex Mining Services for all travel, accommodation and other expenses reasonably and properly incurred by Ex Mining Services in providing the services. The monthly Fee:

- (i) if the Company raises gross proceeds of at least \$10,000,000 pursuant to the Offer, will be \$60,000.00 per month (indexed annually by CPI);
- (ii) if the Company raises gross proceeds of more than, or equal to \$8,000,000 but less than \$10,000,000 pursuant to the Offer, will be a pro-rated amount between \$48,000 and \$60,000 (indexed annually by CPI); or
- (iii) if the Company raises gross proceeds of more than, or equal to \$5,000,000 but less than \$8,000,000 pursuant to the Offer, will be:
 - (A) \$12,500.00 per month (indexed annually by CPI); and
 - (B) the Company will:
 - (I) issue 1,425,000 Shares to Ex Mining per annum (provided the Company obtains any required Shareholder approval or regulatory

approval under the Corporations Act or Listing Rules). The Shares are to be issued in two tranches, at approximately six month intervals, during each yearly period of the term of the Ex Mining Services Agreement; and

- (II) to the extent the Company does not issue any Shares for a year, the Company will pay Ex Mining an amount equal to \$0.20 multiplied by the number of Shares not issued for that year.

If the Company (together with its Related Bodies Corporate) has more than \$15,000,000 cash in its bank account at any stage during the term of the Ex Mining Services Agreement, the Fee will be \$60,000 per month (indexed annually by CPI), on and from the date on which the Company's cash holding exceeds that threshold."

- (c) **(Deferral Fee)** Sub-paragraph (g) (Deferral of fees) is deleted.

14. MMBP Purchase Agreement

The MMBP Purchase Agreement has been executed by the MMBP Sellers and the Company expects Odni to countersign this document shortly. As the MMBP Agreement will be superseded by the MMBP Purchase Agreement once it is fully executed, section 10.5.6 of the Original Prospectus is replaced with the following:

"In accordance with the MMBP Agreement which provided Odni with the option to enter into a share purchase agreement with respect to the MMBP Shares, Odni and the MMBP Sellers have agreed the terms of a share purchase agreement for the purchase of the MMBP Shares, representing 100% of the issued share capital of the MMBP Company. The MMBP Company holds exploration IUP No: IUP No: 437/K-IV/540/2010 (MMBP IUP). The material terms of the MMBP Purchase Agreement are as follows:

- (a) **(Consideration)** As consideration for the MMBP Shares, Odni will pay the MMBP Sellers an amount equivalent to US\$1.00 per metric tonne of MMBP Verified Reserve (see sub-paragraph (b)(ii) below).

A non-refundable deposit of US\$100,000 is payable by Odni by 31 October 2012. If the Company has not received valid Applications for at least the minimum subscription prior to this date, the Company intends to procure Odni to extend the due date for this payment.

The amount of this deposit will be deducted from the purchase price payable to the MMBP Sellers on completion of the MMBP Purchase Agreement.

Odni can choose to have some or all of the MMBP Shares transferred to a nominee public company on completion. If Odni nominates the Company or another public company, Odni can elect to pay 50% of purchase price in cash and 50% of the purchase price in Shares.

The purchase price shall only be paid upon satisfaction of the conditions precedent (set out below).

- For personal use only
- (b) **(Conditions precedent)** The completion of the MMBP Purchase Agreement and the payment of the purchase price are conditional on following:
- (i) Odni completing, to its satisfaction, due diligence on the MMBP Company;
 - (ii) the establishment of the MMBP Coal being a Reserve of at least an eight million metric tonnes of coal Reserve under the JORC Code, verified by a competent person;
 - (iii) Odni paying the deposits set out in sub-paragraph (a);
 - (iv) the MMBP Sellers approving the transfer of the MMBP Shares to Odni including waiving any pre-emptive rights and rights of first refusal;
 - (v) the MMBP Sellers having received and provided to Odni spousal consents for each of the MMBP Sellers to execute the MMBP Purchase Agreement and the transactions contemplated by the MMBP Purchase Agreement;
 - (vi) the parties having obtained all necessary local, state or federal government body approvals and all other consents and approvals required for completion of the purchase of the MMBP Shares;
 - (vii) the MMBP Sellers having procured the MMBP Company to make the necessary written announcements with respect to the change of control of the MMBP Company including in an Indonesian newspaper with national circulation and to employees of the MMBP Company;
 - (viii) the MMBP IUP being validly converted into a production operation IUP (at Odni's cost) in accordance with all applicable Indonesian laws;
 - (ix) amending the MMBP Company's articles of association in a form approved by Odni to permit foreign ownership, an increase in capital and a change in the business scope to mining coal;
 - (x) the MMBP Company having obtained (at Odni's cost) any consent required from any government body for the transfer of the MMBP Shares, including to change the status of the MMBP Company to a foreign investment company;
 - (xi) the MMBP Company having complied with all obligations under the MMBP IUP and under all relevant laws;
 - (xii) the MMBP Company having submitted and applied to the Minister of Energy and Mineral Resources in Indonesia for a "clean and clear certificate";
 - (xiii) the MMBP IUP being listed on the mining register held by the Minister of Energy and Mineral Resources in Indonesia as a "clean and clear" tenement and, if required by the Minister of Energy and Mineral Resources, the MMBP IUP being converted into a production operation IUP issued by the Minister of Energy and Mineral Resources;
 - (xiv) each of the parties having executed a deed of transfer of the MMBP Shares in accordance with all applicable laws and the MMBP Company's articles of association;

- (xv) the MMBP Sellers having obtained, and provided to Odni, a letter issued by the Ministry of Forestry in Indonesia confirming that forestry permits for less than 10% of the relevant forest area in the region have been applied for as at a date which is no more than 30 days before completion of the MMBP Purchase Agreement;
- (xvi) the MMBP Company having entered into formal co-operation agreements, on terms satisfactory to Odni, with all companies which have areas of overlap with the Reserve (as contemplated by paragraph (b)(ii) above);
- (xvii) the issuance (at Odni's cost) of a borrow-use permit from the Ministry of Forestry for all exploration activities in the MMBP IUP area, as well as any relevant environmental permits, in favour of the MMBP Company within six months of the date of the MMBP Purchase Agreement and the issuance of a borrow-use permit permitting full production in the areas of the Reserve (as contemplated by paragraph (b)(ii) above) in favour of the MMBP Company;
- (xviii) the MMBP Company having appointed a drilling contractor selected by Odni, and the drilling contractor having conducted a drilling program to an extent and in a manner directed by Odni (at its discretion and cost);
- (xix) the MMBP Sellers rectifying its non-compliance with convening annual general meetings in accordance with applicable Indonesian law;
- (xx) the MMBP Sellers having delivered to Odni's lawyers the MMBP Company's complete company register of shareholders and share certificates within 30 days of signing the MMBP Purchase Agreement;
- (xxi) each of the representations and warranties of the MMBP Sellers being true, accurate and not misleading as at completion; and
- (xxii) no material changes, events or circumstances which have or may have a material adverse effect of the Company occur.

Odni has the discretion to waive any of the above conditions precedent. If the conditions precedent are not satisfied or waived on or before the date which is 270 days after the date the MMBP Agreement was signed, Odni may terminate the MMBP Purchase Agreement. Either party may terminate the MMBP Purchase Agreement if the satisfaction of any of the conditions precedent becomes impossible or impracticable to satisfy or if there has been a material breach of the MMBP Purchase Agreement.

- (c) **(Completion)** Completion of the MMBP Purchase Agreement will take place two business days after the conditions precedent outlined above are either satisfied or waived, but in any event will not be later than 270 days after the MMBP Company has obtained all necessary permits for drilling. The Directors believe that, if required, this date can be extended as it is the MMBP Seller's obligation to fulfill the conditions precedent and is in the MMBP Sellers' interest to extend the date, otherwise the MMBP Sellers will be in breach of the MMBP Purchase Agreement.

- For personal use only
- (d) **(Exploration)** Odni will fund all costs in connection with the drilling contractor for the drilling work activities based on a drilling work program.
 - (e) **(Warranties and undertakings)** The MMBP Sellers have provided Odni with limited warranties in relation to the MMBP Shares and MMBP Company. The MMBP Sellers have provided undertakings in relation to the management of the MMBP Company and the MMBP Shares, including not issuing any further securities, create any encumbrances over the MMBP Shares or encourage or accept any other offers to purchase the MMBP Shares. Each party indemnifies the other against a liability arising from a breach by that party of the MMBP Purchase Agreement.
 - (f) **(Governing law)** The MMBP Purchase Agreement is governed by the laws of Indonesia.”

15. Updated Independent Accountant’s Report

The Independent Accountant’s Report contained in section 7 of the Original Prospectus is replaced with the updated report set out in Appendix 1 to this Supplementary Prospectus.

16. Revised Historical and Pro-forma Consolidated Statements of Financial Position including notes

Section 8.4 of the Original Prospectus is replaced with the following information. 30 June 2012 figures have been taken from the Company's audited annual report for year ended 30 June 2012.

		30 June 2012 Audited \$	Pro-forma Minimum Subscription 30 June 2012 \$	Pro-forma Maximum Subscription 30 June 2012 \$
ASSETS				
Current assets				
Cash and cash equivalents	8.6.1	2,555,950	6,508,100	10,428,100
Trade and other receivables		58,026	58,026	58,026
Total current assets		2,613,976	6,566,126	10,486,126
Non-current assets				
Exploration and Development Assets	8.6.2	674,408	10,086,310	10,086,310
Total non-current assets		674,408	10,086,310	10,086,310
TOTAL ASSETS		3,288,384	16,652,436	21,322,436
LIABILITIES				
Current liabilities				
Trade and other payables		507,826	507,826	507,826
Total current liabilities		507,826	507,826	507,826
TOTAL LIABILITIES		507,826	507,826	507,826
NET ASSETS		2,780,558	16,144,610	20,814,610
EQUITY				
Issued capital	8.6.3	3,820,859	13,072,859	17,742,859
Reserves		23,340	4,435,392	4,435,392
Accumulated losses	8.6.5	(1,063,641)	(1,363,641)	(1,363,641)
TOTAL EQUITY		2,780,558	16,144,610	20,814,610

This Supplementary Prospectus is intended to be read with the Original Prospectus dated 7 September 2012 issued by Exalt Resources Limited (ACN 145 327 617)

Section 8.6.1 of the Original Prospectus is replaced with the following:

8.6.1 Cash and cash equivalents

	Minimum Subscription	Maximum Subscription
	\$	\$
Cash and cash equivalents at 30 June 2012	2,555,950	2,555,950
Proceeds from Issue of Shares	5,000,000	10,000,000
Part re-imburement of Ruck Pty Ltd	0	(750,000)
Bonus payable to Managing Director	(300,000)	(300,000)
Payment of Capital Raising Fees	(680,000)	(980,000)
Payment of GST	(68,000)	(98,000)
Cash acquired on acquisition of Odni	150	150
Pro-forma cash and cash equivalents	6,508,100	10,428,100

Section 8.6.2 of the Original Prospectus is replaced with the following:

8.6.2 Exploration and Development Assets

	Minimum Subscription	Maximum Subscription
	\$	\$
Exploration and Development Assets at 30 June 2012	674,408	674,408
Issue of Shares	5,000,000	5,000,000
Part re-imburement of Ruck Pty Ltd	0	750,000
Issue of Options	1,772,052	1,772,052
Issue of Performance Shares	2,640,000	2,640,000
Odni Consolidation	(150)	(150)
Pro-Forma Exploration and Development Assets	10,086,310	10,836,310

This Supplementary Prospectus is intended to be read with the Original Prospectus dated 7 September 2012 issued by Exalt Resources Limited (ACN 145 327 617)

Section 8.6.3 of the Original Prospectus is replaced with the following:

8.6.3 Issued capital

Minimum Subscription	Number of Shares	\$
Issued Capital at 30 June 2012	28,875,003	3,820,859
Proceeds from Issue of Shares	25,000,000	5,000,000
Shares Issued to Odni Vendors	25,000,000	5,000,000
Payment of Capital Raising Fees	-	(680,000)
Payment of GST	-	(68,000)
Pro-forma Issued Capital	78,875,003	13,072,859

Maximum Subscription	Number of Shares	\$
Issued Capital at 30 June 2012	28,875,003	3,820,859
Proceeds from Issue of Shares	50,000,000	10,000,000
Shares Issued to Odni Vendors	25,000,000	5,000,000
Payment of Capital Raising Fees	-	(980,000)
Payment of GST	-	(98,000)
Pro-forma Issued Capital	103,875,003	17,742,859

Section 8.6.5 of the Original Prospectus is replaced with the following:

This Supplementary Prospectus is intended to be read with the Original Prospectus dated 7 September 2012 issued by Exalt Resources Limited (ACN 145 327 617)

8.6.5 Accumulated Losses

	Minimum Subscription	Maximum Subscription
	\$	\$
Accumulated Losses at 30 June 2012	(1,063,641)	(1,063,641)
Bonus Payable to Managing Director	(300,000)	(300,000)
Pro Forma Accumulated Losses	(1,363,641)	(1,363,641)

17. Revised Exploration Budget

Section 7 of the Independent Technical Review, which is included at section 6 of the Original Prospectus, is replaced with the following:

“Section 7. EXPLORATION BUDGET

Exalt Resources has prepared budgets to further explore the relevant assets (Sugico, BIG, MMBP and Karin) and the pipeline Prospects (Damanka and others). The stated objective of the exploration programme is to identify the coal resources and classify the coal into the JORC categories of Measured\Indicated\Inferred Resources and Proved\Probable Reserves. Budgets have been prepared for 2 cases; for a minimum subscription of \$5 million and for a maximum subscription of \$10 million. The actual budget will depend on the capital raised. The budgets were prepared to an appropriate level of detail for exploration programmes. Table 7.1 gives a summary of the budgets; the budgets themselves were issued in greater detail.

Table 7.1 – Exploration Budgets

Relevant Asset	\$5 million Min Subscription	\$10 million Max Subscription
Sugico	-	1,500,000
BIG		
- Mapping	48,000	48,000
- Geophysics	100,000	100,000
- Drilling	310,000	557,000
- Other Costs	523,900	554,440
BIG TOTAL	981,900	1,260,400

MMBP

- Mapping	49,500	49,500
- Geophysics	100,000	100,000
- Drilling	330,000	580,000
- Other Costs	515,400	555,400
MMBP TOTAL	994,900	1,284,900

KARIN

- Mapping	24,000	24,000
- Geophysics	70,000	70,000
- Drilling	280,000	483,000
- Other Costs	391,750	430,000
KARIN TOTAL	765,750	1,007,250

TOTAL BUDGET	\$2,742,550	\$5,052,550
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The budgets do not give an indication of the proposed number of drillholes. Direct discussion with the Exalt geologist confirmed that the budget is based on metres drilled rather than holes drilled. MMC accept this as appropriate estimating methodology.

By definition, exploration does not have known outcomes. Therefore, whilst it is reasonable to set objectives such as Measured\Indicated\Inferred Resources, it is not possible to guarantee that any exploration will achieve those results. There are too many unknowns at the beginning of any exploration programme.

Furthermore, definition of JORC Reserves requires that the JORC Resources be "economically mineable". This necessitates some level of mine/project planning and forecasting of future coal markets and coal prices. These can't be determined by exploration alone. There are amounts included in the detailed budget for mining studies to produce JORC Statements.

Exploration is normally undertaken in stages, with increasing knowledge of the deposit at each stage. Some assets may require more exploration than others. This will only be known as the exploration proceeds. It is appropriate to also budget expenditures in stages. The Exalt budgets include what are effectively 3 exploration stages; mapping, geophysics and drilling. MMC assume these would be staged in time and that budgets would change depending on the outcomes of each stage.

Having reviewed the proposed budgets, MMC conclude the following:

- "the budgets have been prepared with an appropriate level of estimating detail;
- the budgets appear comprehensive and include all of the items normally incurred in exploration;

This Supplementary Prospectus is intended to be read with the Original Prospectus dated 7 September 2012 issued by Exalt Resources Limited (ACN 145 327 617)

- the \$5 million minimum subscription budget should result in significantly increased knowledge and understanding of the geological setting of each coal prospect;
- the \$10 million maximum subscription budget should result in still greater knowledge of each asset and should therefore increase the likelihood of identifying JORC Resources; and
- subject to successful exploration, it is reasonable to expect that the \$10 million maximum subscription budget will achieve the stated objective of quantifying JORC Resources (Measured, Indicated or Inferred) for the Relevant Assets.”

18. Risk Factors

Funding

The Company is now proposing to raise a minimum of \$5 million and a maximum of \$10 million.

The paragraph entitled ‘Funding’ in section 1.2 of the Original Prospectus is replaced with the following:

“In the event that the Company is unsuccessful in raising the revised maximum subscription of \$10 million, it is unlikely that Project Sugico will proceed under the terms outlined in the Original Prospectus. Should only the minimum amount be raised, project Sugico will not proceed and the remaining Indonesian projects will be allocated reduced exploration expenditure in accordance with the revised budget as set out in section 15 of this Supplementary Prospectus.

Should the Company wish to proceed with Project Sugico in the future, then the Company may need to raise debt or additional equity capital in order to satisfy its obligations under the Sugico Letter of Intent set out in section 10.5.4 of the Original Prospectus.”

‘Clean and clear’ title

The Company has been advised that the BIG IUP has been removed from the ESDM’s ‘clean and clear’ list, as announced in CNC List No 7 issued on 16 October 2012. The Company understands that the reason for this removal is that the BIG IUP (together with three other IUP issued by Bulungan district) straddles the boundary between Bulungan (the district which issued the IUP) and Berau district to its south.

The Company understands that IUP which cross district boundaries should be issued by the provincial authorities, rather than the district authorities. The Company also understands that ESDM is in talks with regional authorities as to how to resolve boundary uncertainty issues and resolution is expected by 31 December 2012. The Company intends to continue its investigations and discussions with the ESDM and will update the market in due course.

The paragraphs titled “‘Clean and clear’ title” in sections 1.12 and 5.1 of the Original Prospectus are replaced with the following:

“‘Clean and clear’ title

In an effort to bring licensing into some order, the ESDM has placed a moratorium on the issuing of new licences under the Indonesian mining law and has been undertaking limited audits of all licences issued. The intention is to reveal where there are over-lapping licences. As a result of this process, ESDM issues lists and maps and statements on request, indicating that the licence involved is “clean and clear” (“CNC”). The IUP is thereby recognised by ESDM as legitimate, which carries an inference that the IUP has been properly issued, although this is not stated. The CNC lists are an administrative attempt to clear away confusion, and carry no legal status.

There is no definition of what “clean and clear” means, but it is understood to mean simply that there are no overlapping issues (with conflicting licences for the same product).

What “clean and clear” does not mean is that the licence holder is up to date with its obligations under the licence, that it has obtained any necessary approvals from the Ministry of Forestry, whether or not the licence holder also owns the land involved, whether or not there are land titles in place, whether there are any disputes with registered or traditional land owners, and whether there is any illegal mining activity taking place.

The Karin Project is not currently included on any CNC list nor is one of the licences constituting Project Sugico. In addition, Project BIG has recently been removed from the relevant CNC list. The Company understands that the reason for this removal is that the BIG IUP (together with three other IUP issued by Bulungan district) straddles the boundary between Bulungan (the district which issued the IUP) and Berau district to its south.

The Company understands that IUP which cross district boundaries should be issued by the provincial authorities, rather than the district authorities. The Company also understands that ESDM is in talks with regional authorities as to how to resolve boundary uncertainty issues and resolution is expected by 31 December 2012. The Company intends to continue its investigations and discussions with the ESDM and will update the market in due course.

The Company does not intend to expend a substantial amount of funds on exploring and developing an IUP until the IUP is included in a CNC list.”

19. Updates to Solicitor’s Report

Paragraph B3 on page 3 of the Solicitor’s Report in section 9 of the Original Prospectus is replaced as follows:

“That identified as the MMBP Project (located in East Kalimantan) is listed by ESDM as clean and clear.”

The following is inserted as a new paragraph B4 on page 3 of the Solicitor’s Report in section 9 of the Original Prospectus, and the existing paragraph numbers in paragraph B are adjusted accordingly:

“That identified as the BIG Project (also located in East Kalimantan) was previously shown to be clean and clear. The Company, however, has been advised that the BIG IUP has been removed from the

ESDM's 'clean and clear' list, as announced in CNC List No 7 issued on 16 October 2012. It appears that the reason for this removal is that the BIG IUP (together with three other IUP issued by Bulungan district) straddles the boundary between Bulungan (the district which issued the IUP) and Berau district to its south.

IUP which cross district boundaries should be issued by the provincial authorities, rather than the district authorities. ESDM is in talks with regional authorities as to how to resolve boundary uncertainty issues and resolution of all such matters is expected before the end of the year."

The paragraph titled "BIG IUP" on page 21 of the Solicitor's Report in section 9 of the Original Prospectus is replaced as follows:

"BIG IUP

Owner	PT Bakti Inti Guna
Type of Licence	IUP Exploration for coal
Date of Issue	29 April 2010
Validity Period	7 years (2 years for survey, 4 years for exploration, 1 year for feasibility study)
Area	4,969.47 ha.
Location	Bulungan District, East Kalimantan (although it now appears it may be partly in Berau District)
Status	Not Clean and Clear
Competing Rights	IUPHHK for natural timber of PT Inhutani Samarata
Exalt Interest	Exalt has agreement with Odni Pte Ltd to purchase all shares of the company. On 20 June 2012 Odni signed an agreement with shareholders of BIG to buy all their shares.

This IUP was issued on 29 April 2010 apparently in place of a pre-existing KP. It refers in its preamble to a request of the company concerning a KP for General Survey held by the company. The IUP was listed as clean and clear in ESDM's List 1 but removed by an announcement attached to List 7 issued on 16 October 2012.

A visit by us to the relevant Bupati's Office and Mines Office during the week commencing 25 June 2012, supported by letters requesting advice, revealed no concerns regarding the status of this IUP. However ESDM's announcement has changed this.

The BIG IUP has been removed from the ESDM's 'clean and clear' list, as announced in CNC List No 7 issued on 16 October 2012. It appears that the reason for this removal is that the BIG IUP (together with three other IUP issued by Bulungan district) straddles the boundary between Bulungan (the district which issued the IUP) and Berau district to its south.

IUP which cross district boundaries should be issued by the provincial authorities, rather than the district authorities. There is, however, no evidence of any deliberate wrongdoing and it appears to be a case of confusion as to where the district boundaries actually lie, which is a common occurrence. ESDM is in talks with regional authorities as to how to clear up such matters, and resolution of all such matters is expected before the end of the year.

A visit by us to the Forestry Office also during the week commencing 25 June 2012 followed by written advice dated 9 July 2012 advised that BIG should obtain the relevant permit from the Ministry of Forestry before it proceeds with exploration activities. There was no suggestion that the IUP is in any way in jeopardy. The same general advice was given as for the MMBP IUP – BIG must obtain a borrow-use permit before it begins exploration. We do not know whether exploration has commenced.

However the letter from Forestry also shows there is a forest use right apparently over the whole of the IUP area – held by the same company as that over the MMBP IUP, and presumably is the same right. The forest use right (IUPHHK Hutan Alam) covers 5,078.76 ha of natural forest, all with HPT status. The inference from the letter is that the IUP is within this area. IUPHHK Hutan Alam or *Izin Usaha Pemanfaatan Hasil Hutan Kayu Hutan Alam* means a Licence to Exploit Forest Timber Products in Natural Forest, and is granted pursuant to Government Regulation 6/2007 referred to above. Agreement with the licence holder regarding access is needed.

The district BPN office advised that there are no land titles issued in the areas concerned. A letter confirming this advice is expected to be forthcoming.”

20. Applications

Investors who have NOT previously submitted an Application Form

Applications for Shares under the Offer must be made using the application form attached to or accompanying this Supplementary Prospectus (**Supplementary Application Form**). Applications must not be made on the Application Form attached to or accompanying the Original Prospectus.

The Supplementary Application Form contains detailed instructions on how it is to be completed. Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 500 Shares and payment for the Shares must be made in full at the issue price of \$0.20 per Share.

The Company reserves the right to close the Offer early.

21. Definitions

The Glossary in the Original Prospectus is amended as follows:

The following definitions are added:

“**Annual General Meeting** means the 2012 Annual General Meeting of the Company, to be held on 30 November 2012.

Deed of Amendment – Share Purchase Agreement means the deed of amendment to the Share Purchase Agreement, executed on or about 24 October 2012, a summary of which is set out in section 10 of the Supplementary Prospectus.”

The following definitions are amended as follows:

“**Closing Date** means 26 October 2012, unless extended at the discretion of the Board.”

“**Delayed Shares** means 8,333,334 Shares forming part of the Consideration Securities.”

“**MMBP Purchase Agreement**” means the share purchase agreement to be entered into between Odni and the MMBP Sellers in relation to the MMBP Shares.”

“**Share Purchase Agreement** means the Share Purchase Agreement as amended by the Deed of Amendment – Share Purchase Agreement.”

22. Consent

BDO Audit Pty Limited has given its written consent to the inclusion in this Supplementary Prospectus of its Investigating Accountant's Report and to all statements referring to that report in the form and context in which they appear in the Original Prospectus, as amended by this Supplementary Prospectus, and has not withdrawn such consent before the lodgment of this Supplementary Prospectus with ASIC.

Minarco-Mine Consult has given its written consent to the inclusion in this Supplementary Prospectus of the amendment to its Independent Technical Review, and all statements referring to the Independent Technical Review in the Original Prospectus, as amended by the Supplementary Prospectus, in the form and context in which they appear and has not withdrawn such consent before the lodgment of this Supplementary Prospectus with ASIC.

Hutabarat, Halim & Rekan has given its written consent to the inclusion in this Supplementary Prospectus of the amendment to its Solicitor's Report, and all statements referring to the Solicitor's Report in the Original Prospectus, as amended by the Supplementary Prospectus, in the form and context in which they appear and has not withdrawn such consent before the lodgment of this Supplementary Prospectus with ASIC.

No other person or advisor to the Company who consented to be named in the Original Prospectus has withdrawn their consent to be named in the Original Prospectus as at the date of this Supplementary Prospectus.

23. Directors' Authorisation

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

In accordance with section 720 of the Corporation Act, each Director has consented to the lodgment of this Supplementary Prospectus with ASIC.

Signed for and on behalf of
Exalt Resources Limited
by Mr Barry Tudor

APPENDIX 1 – UPDATED INDEPENDENT ACCOUNTANT’S REPORT

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This Supplementary Prospectus is intended to be read with the Original Prospectus dated 7 September 2012 issued by Exalt Resources Limited (ACN 145 327 617)



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Level 18, 300 Queen St
Brisbane QLD 4000,
GPO Box 457 Brisbane QLD 4001
Australia

The Directors
Exalt Resources Limited
Level 5
56 Pitt Street
Sydney NSW 2000

24 October 2012

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

We have been engaged by Exalt Resources Limited (Company) to prepare this investigating accountant's report on Historical and Pro-forma Financial Information of the Company for inclusion in the Prospectus dated 7 September 2012, as supplemented by a Supplementary Prospectus dated on or about 24 October 2012 (Prospectus).

The Company is looking to raise capital via a public offering to raise up to \$10 million before costs.

The Historical and Pro-forma Financial Information included in the Prospectus illustrate the financial position of the Company as at 30 June 2012 and provides investors with a Pro-forma Statement of Financial Position as at 30 June 2012 adjusted to include the Pro-forma Transactions outlined in Section 8.3 of the Prospectus.

The purpose of this report is to report whether anything has come to our attention which causes us to believe that the Historical and Pro-forma Financial Information is not presented fairly in accordance with the recognition and measurement requirements of Australian Accounting Standards and other pronouncements issued by the Australian Accounting Standards Board, the accounting policies of the Company and the basis of preparation described in Sections 8.1 to 8.6 of the Prospectus.

This report does not address the rights attaching to the shares to be issued in accordance with the Supplementary Prospectus, the risks associated with the investment, nor forms the basis of an independent expert's opinion with respect to a valuation of the Company or a valuation of the share issue price.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Original Prospectus.

2. Historical & Pro-forma Financial Information

We have been requested to prepare a report covering the Historical and Pro-forma Financial Information described below and disclosed in the Company's Prospectus at Section 8.1 to 8.6:

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- the Historical Statement of Financial Position as at 30 June 2012;
- the Pro-forma Statement of Financial Position as at 30 June 2012;
- the Pro-forma Transactions described in Section 8.3 ; and
- the other notes to the Historical and Pro-forma Financial Information.

Together, the above is referred to as the “Historical and Pro-forma Financial Information”.

The Historical and Pro-forma Financial Information presented in the Company’s Prospectus has been derived from the audited historical financial information of the Company for the period ended 30 June 2012, adjusted as applicable to reflect the Pro-forma Transactions detailed in Section 8.3 of the Prospectus.

The financial statements of the Company for the year ended 30 June 2012 were audited by the company’s auditors. The audit opinion issued to the members of the Company relating to this financial statement was unmodified. We have reviewed this financial information in preparation of this report.

The Historical and Pro-forma Financial Information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards applicable to financial reports prepared in accordance with the *Corporations Act 2001*.

3. Scope

We have reviewed the Historical and Pro-forma Financial Information in order to report whether anything has come to our attention which causes us to believe that the Historical and Pro-forma Financial Information set out in the Prospectus, is not presented fairly in accordance with the recognition and measurement requirements of Australian Accounting Standards and other pronouncements issued by the Australian Accounting Standards Board, the accounting policies of the Company and the basis of preparation described in Section 8.5 of the Prospectus.

Our review has been conducted in accordance with Australian Auditing Standards on Review Engagements ASRE 2405 “Review of Historical Financial Information Other than a Financial Report”. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- Review of the Historical financial information of the Company for the year ended 30 June 2012;
- Review procedures applied to the Historical and Pro-forma Financial Information;
- Review of work papers, accounting records and other documents;
- Review of the Pro-forma Transactions described in Section 8.3 of the Prospectus; and
- Inquiry of Directors, management and others.

These review procedures were substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards and therefore provide less assurance than an audit .We have not performed an audit and, accordingly, we do not express such an opinion on the Company’s Historical and Pro-forma Financial Information.

The review statement expressed in this report has been formed on the above basis.

4. Directors' responsibilities

The directors of the Company are responsible for the preparation and presentation of the Historical and Pro-forma Financial Information, including the determination of the pro-forma Transactions.

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

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5. Review Statement on Historical and Pro-forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical and Pro-forma Financial Information set out in Sections 8.1 to 8.6 of the Prospectus is not presented fairly in accordance with the recognition and measurement requirements of Australian Accounting Standards and other pronouncements issued by the Australian Accounting Standards Board, the accounting policies of the Company and the basis of preparation described in Section 8.5 of the Prospectus.

6. Subsequent Events

Apart from the matters dealt with in this report, and having regard to the scope of our report, to the best of our knowledge and belief no material items, transactions or events outside of the ordinary business of the Company have come to our attention which would require comment on, or adjustment to, the information referred to in our report or that would cause the information to be misleading or deceptive.

7. Independence Disclosure

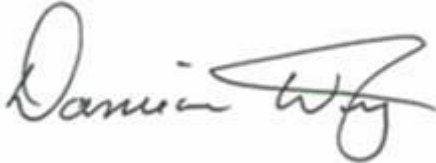
BDO Audit Pty Ltd does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to this matter. BDO Audit Pty Ltd has provided advisory services and will receive normal professional fees for the preparation of this report. The Directors of BDO Audit Pty Ltd do not hold nor have any interest in any Ordinary Shares of the Company or its subsidiaries.

8. Consent

Consent to the inclusion of the Investigating Accountants Report in the Prospectus in the form and context in which it appears has been given. At the date of this report this consent has not been withdrawn.

Yours faithfully

BDO Audit Pty Ltd

BDO


Damian Wright

Director



Exalt Resources Limited

ACN 145 327 617

Registry Use Only

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire Prospectus dated 7 September 2012 ("Prospectus") and the Supplementary Prospectus dated 24 October 2012 ("Supplementary Prospectus") carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and the Supplementary Prospectus.

Broker Code

| | | | |

Adviser Code

| | | | |

A I/we apply for

| | | | |

Number of Shares in Exalt Resources Limited at \$0.20 per Share or such lesser number of Shares which may be allocated to me/us

B I/we lodge full Application Money

A\$ | | | | | . | |

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name	Given Name(s)	Surname

Joint Applicant 2 or Account Designation	Surname

Joint Applicant 3 or Account Designation	Surname

D Enter your postal address - Include State and Postcode

Unit	Street Number	Street Name or PO Box /Other Information

City / Suburb / Town	State	Postcode

E Enter your contact details

| | | | |

(| |) | | | | |

F CHESSE Participant

X | | | | |

Please note that if you supply a CHESSE HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESSE, your application will be deemed to be made without the CHESSE HIN, and any securities issued as a result of the Offer will be held on the Issuer Sponsors' subregister.

Payment details – Please note that funds are unable to be directly debited from your bank account

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A\$

Make your cheque or bank draft payable to "Exalt Resources Limited – Share Offer Account" and crossed "Not Negotiable"

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the Supplementary Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines

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How to complete this form

A Shares Applied for

Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares. Applications for greater than 10,000 Shares must be in multiples of 500 Shares.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the price per Share of \$0.20.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHES

Exalt Resources Limited (the Company) will apply to the ASX to participate in CHES, operated by ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX Limited. In CHES, the company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

Payment

G Make your cheque or bank draft payable to "Exalt Resources Limited – Share Offer Account" in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account.**

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read the Prospectus and the Supplementary Prospectus to which this application relates. By lodging the Application Form, the applicant agrees that the applicant has personally received the complete and unaltered Prospectus and Supplementary Prospectus prior to completing the Application Form, agrees that this application for Shares in Exalt Resources Limited is upon and subject to the terms of the Prospectus and the Supplementary Prospectus and the Constitution of Exalt Resources Limited, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the Prospectus and the Supplementary Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited ("CIS") by no later than 5:00pm (AEDT) on 26 October 2012. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 3001

Neither CIS nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund