



5 October 2012

Company Announcements Platform  
Australian Securities Exchange  
Level 8, Exchange Plaza  
2 The Esplanade  
Perth WA 6000

**By email**

Dear Sir/Madam

**NON-RENOUNCEABLE ENTITLEMENT ISSUE - NOTICE PURSUANT TO PARAGRAPH 708AA (2)(F) OF THE CORPORATIONS ACT 2001 ("ACT")**

This notice is given by Lithex Resources Limited (ACN 140 316 463) (ASX:LTX) (**Company**) under Section 708AA(2)(f) of the Corporations Act 2001 (Cth) (**Corporations Act**) as notionally modified by Australian Securities and Investment Commission Class Order 08/35 (**C08/35**).

The Company advises of its intention to undertake an equity raising of up to approximately \$1,688,525 via a placement and a non-renounceable entitlement issue (**Equity Raising**).

The placement will consist of an issue of 6,987,000 Shares at an issue price of \$0.05 per Share, together with one (1) free-attaching Option for every two (2) Shares issued, under the Company's 15% placement capacity raising a total of \$349,350 (the **Placement**). The Placement will be conducted by Cunningham Paterson Sharbanee Securities Pty Ltd trading as CPS Securities (ACN 088 055 636) (AFSL 294848) (**CPS Securities**).

In addition to the Placement, the Company also intends to raise up to approximately \$1,339,175 via a non-renounceable pro-rata Entitlement Issue, on the basis of one (1) new Share for every two (2) Shares, together with one (1) free-attaching Option for every two (2) new Shares issued, held as at 5:00pm (WST) on Friday, 5 October 2012 (**Record Date**) to eligible shareholders with a registered address in Australia or New Zealand (**Entitlement Issue**). The Entitlement Issue is fully underwritten by CPS Securities.

Shares under the Entitlement Issue will be offered at \$0.05 per Share. Based on the current capital structure and the Placement being completed (and assuming no options to acquire Shares (**Options**) are exercised prior to the Record Date) a total of an additional 26,783,505 new Shares and 13,391,753 free-attaching Options will be issued and the amount raised will be approximately \$1,339,175 (before costs).

An offer document relating to the Entitlement Issue (**Offer Document**) will be mailed to eligible shareholders on 17 October 2012 together with personalised Entitlement and Acceptance Forms. For informational purposes, a sample copy of this Offer Document has been attached to this notice.

An indicative timetable for the Entitlement Issue and Placement is set out below:

Event	Date
Entitlement Issue Offer Document lodged with ASX and notice of Entitlement Issue sent to holders of options to acquire Shares	Friday, 5 October, 2012
Notice of Entitlement Issue sent to shareholders	Tuesday, 9 October, 2012
'Ex' date	Wednesday, 10 October 2012
Conduct Placement (under Company's 15% placement capacity)	Friday 12 October 2012
Record Date	5:00pm (WST) on Tuesday, 16 October, 2012
Offer document dispatched to eligible shareholders and Entitlement Issue offer opens	Wednesday, 17 October 2012
Entitlement Issue offer closes ( <b>Closing Date</b> )*	5:00pm (WST) on Wednesday, 31 October 2012
Deferred settlement trading commences**	Thursday, 1 November, 2012
Notification of under subscriptions to ASX (if any)**	Friday, 2 November 2012
Entitlement Issue securities dispatch date**	Monday, 5 November 2012

\* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares and free attaching Options.

\*\* These dates are indicative only.

#### **NOTICE UNDER s708AA OF THE ACT**

The Company hereby notifies ASX under paragraph 708AA(2)(f) of the Corporations Act that:

- (a) the Company will offer the Shares and Options for issue without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Corporations Act;
- (c) as at 5 October 2012, the Company has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company;
- (d) as at 5 October 2012, the Company has complied with section 674 of the Corporations Act; and
- (e) as at 5 October 2012, there is no information:
  - (A) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and

- (B) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
- (I) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
  - (II) the rights and liabilities attaching to the Shares and Options.

Yours faithfully



**MALCOLM CARSON**  
**NON-EXECUTIVE CHAIRMAN**

# LITHEX RESOURCES LIMITED

ACN 140 316 463

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## OFFER DOCUMENT

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For a pro rata non-renounceable entitlement offer to Eligible Shareholders on the basis of one (1) New Share for every two (2) Shares held by Shareholders on the Record Date at an issue price of \$0.05 per Share together with one (1) free attaching Option for every two (2) New Shares issued to raise approximately \$1,339,175 (**Offer**).

### **Underwriter**

The Underwriter to the Offer is Cunningham Paterson Sharbanee Securities Pty Ltd trading as CPS Securities (ACN 088 055 636) (AFSL 294848). The Underwriting Agreement contains terms and conditions which may affect the obligations of the Underwriter, details of which are set out in Section 1.7 of this Offer Document.

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### **IMPORTANT NOTICE**

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This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares and free Options offered by this document.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

**This Offer opens on 17 October 2012 and closes at 5:00pm WST on 31 October 2012.**

Valid acceptances must be received before that time.

Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

## **IMPORTANT NOTES**

This Offer Document and enclosed personalised Entitlement and Acceptance Form have been prepared by Lithex Resources Limited (ACN 140 316 463) (**Lithex** or the **Company**). This Offer Document is dated 5 October 2012.

No party other than Lithex has authorised or caused the issue of this Offer Document, or takes any responsibility for, or makes, any statements, omissions, representations or undertakings in this Offer Document.

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

### **Eligibility**

Applications for Securities by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

### **Overseas shareholders**

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

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

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

### **Privacy Act**

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

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

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

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

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## 1. DETAILS OF THE OFFER

### 1.1 The Offer

The Company is making a pro rata non-renounceable offer of New Shares at an issue price of \$0.05 each on the basis of one (1) New Share for every two (2) Shares held on the Record Date together with one (1) free-attaching Option for each two (2) New Shares issued (the **Offer**) .

At the date this Offer Document is despatched to Shareholders, the Company has 46,580,010 Shares and 15,130,000 options on issue. However, the Company will issue 6,987,000 new Shares at an issue price of \$0.05 per Share, together with one (1) free-attaching Option for every two (2) Shares issued, on 12 October 2012 pursuant to a placement under the Company's 15% placement capacity (**Placement**). Therefore, on the Record Date the Company will have 53,567,010 Shares and 18,623,500 options on issue.

On the basis that no further Shares are issued or no options exercised prior to the Record Date, the Offer is for 26,783,506 New Shares and 13,391,753 free attaching Options.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

### 1.2 Use of Funds

Completion of the Offer will result in an increase in cash in hand of up to approximately \$1,339,175 (before the payment of costs associated with the Offer).

The Company intends to apply the funds raised from the Offer:

- (a) to fund exploration on the Company's graphite projects to be acquired pursuant to the Heads of Agreement with Far North Minerals Pty Ltd (as announced to ASX on 4 October 2012);
- (b) to fund the Company's ongoing exploration requirements for its current projects; and
- (c) for additional working capital,

and to fund the issue costs associated with the Offer.

### 1.3 Indicative Timetable

<b>Event</b>	<b>Date</b>
<b>Release of Offer Document, Cleansing Notice and Appendix 3B to ASX</b>	Friday, 5 October 2012
<b>Notice sent to Shareholders</b>	Tuesday, 9 October 2012
<b>Ex Date</b>	Wednesday, 10 October

(date from which securities commence trading without the Entitlement to participate in the

Rights Issue)

<b>Record Date</b> 5pm (WST) (date for determining Entitlements of Eligible Shareholders to participate in the Rights Issue)	Tuesday, 16 October 2012
<b>Offer Document Dispatched to Shareholders</b> (expected date of dispatch of Offer Document, Entitlement and Acceptance Forms)	Wednesday, 17 October 2012
<b>Offer Opening Date</b>	Wednesday, 17 October 2012
<b>Offer Closing Date* 5pm (WST)</b>	Wednesday, 31 October 2012
<b>Securities quoted on a deferred settlement basis **</b>	Thursday, 1 November 2012
<b>ASX notified of under subscriptions**</b>	Friday, 2 November 2012
<b>Dispatch holding statements**</b>	Monday, 5 November 2012

\* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares and free-attaching Options.

\*\* These dates are indicative only.

#### **1.4 Entitlements and acceptance**

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

#### **1.5 No Rights trading**

The rights to New Shares and free-attaching Options under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares and free-attaching Options under the Offer to any other party. If you do not take up your Entitlement to New Shares and free-attaching Options under the Offer by the Closing Date, the Offer to you will lapse.

#### **1.6 Overseas Eligible Shareholders**

No Offer will be made to Eligible Shareholders resident outside Australia and New Zealand.

New Shares to which any Eligible Shareholders who are not resident in Australia or New Zealand would otherwise be entitled will form part of the Shortfall issued to the Underwriter (or alternatively may be placed at the discretion of the Directors in consultation with the Underwriter).

**This Offer Document and accompanying Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.**

## 1.7 Underwriting Agreement

On 2 October 2012 the Company and CPS Securities (**CPS**) entered into an agreement (**Underwriting Agreement**) pursuant to which CPS agreed to fully underwrite the Offer.

Pursuant to the Underwriting Agreement, as consideration for fully underwriting the Offer the Company has agreed to:

- (a) pay the Underwriter a fee of 6% of the underwritten amount relating to the Offer (being an amount of \$80,350 excluding GST); and
- (b) issue the Underwriter (or its nominees) 10,000,000 Options with the same terms and conditions as the free attaching Options being offered pursuant to this Offer Document.

The obligation of the Underwriter to underwrite the Offer is subject to certain standard events of termination, the occurrence of which may allow the Underwriter to terminate its obligations under the Underwriting Agreement upon or at any time prior to completion of the Underwriting Agreement.

The Underwriting Agreement also contains other terms and conditions, and representations and warranties that are considered standard for an agreement of this type.

## 1.8 Directors Interests and Participation

Each Director's interest in the securities of the Company at the date of this Offer Document and their Entitlement is set out in the table below.

Director	Shares	Options	Entitlement	
			New Shares	Options
Malcolm Carson	1,083,081	Nil	541,540	270,770
Robert Mandanici	3,205,000	Nil	1,602,500	801,250
Steven Crabbe <sup>1</sup>	2,975,000	500,000	1,487,500	743,750

<sup>1</sup> The options held by Mr Crabbe are exercisable at \$0.20 each on or before 30 June 2015.

Each of Messrs Carson, Mandanici and Crabbe have agreed to take up their Entitlements in whole or in part.

## 1.9 Effect of the Rights Issue on Voting Power in the Company

The potential effect the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Entitlement, each Eligible Shareholder's percentage interest in the total issued shares of the Company will remain the same and will not be diluted; and
- (b) if some but not all Eligible Shareholders take up their entitlement, and

the Shortfall is taken up, the percentage interest in the total issued Shares of each Eligible Shareholder who does not take up their Entitlement will be diluted and the percentage interest of the total issued Shares of each Eligible Shareholder who does take up their Entitlement will remain the same. The precise level of change in the percentage interests will depend on the take up of Entitlements.

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 33.3% (as compared to their holdings and number of Shares on issue as at the date of the Offer Document). Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	18.67%	5,000,000	10,000,000	12.44%
Shareholder 2	5,000,000	9.33%	2,500,000	5,000,000	6.22%
Shareholder 3	1,000,000	1.87%	500,000	1,000,000	1.24%
Shareholder 4	500,000	0.93%	250,000	500,000	0.62%
Shareholder 5	250,000	0.47%	125,000	250,000	0.31%

**Notes:**

1. This is based on a share capital of 53,567,010 after the Placement takes place on 12 October 2012.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

**1.10 Market Price of Shares**

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

Highest: \$0.043 on 5 July and 26 July 2012.

Lowest: \$0.0032 on 10 September 2012.

The latest available closing sale price of the Company's Shares on ASX prior to the printing of this Offer Document was \$0.047 on 4 October 2012.

**1.11 Opening and Closing Dates**

The Offer opens on the Opening Date, being 17 October 2012, and closes on the Closing Date, being 31 October 2012. The Company will accept Entitlement and Acceptance Forms until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

**1.12 Issue and despatch**

The expected dates for issue of Securities offered by this Offer Document and despatch of holding statements is expected to occur on the dates specified in

the Timetable set out in Section 1.3.

It is the responsibility of applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

### **1.13 ASX listing**

Application for official quotation by ASX of the New Shares and the free-attaching Options offered pursuant to this Offer Document will be made. The fact that ASX may grant official quotation to the New Shares and free-attaching Options is not to be taken in any way as an indication of the merits of the Company or the New Shares or free-attaching Options now offered for subscription.

### **1.14 CHESS**

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

### **1.15 Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

### **1.16 Risk factors**

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 3.

### **1.17 Enquiries concerning Offer Document**

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting Security Transfer Registrars Pty Limited by telephone on +61 8 9315 2333.

Enquiries relating to this Offer Document should be directed to the Managing Director, Mr Rob Mandanici or the Company Secretary, Mr Neal Shoobert, by telephone on +61 8 9200 5885.

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## **2. ACTION REQUIRED BY SHAREHOLDERS**

### **2.1 How to accept the Offer**

You may accept all, part, or none of your Entitlement under this Offer. If you wish to accept all or part of your Entitlement, you may submit your application for Securities by completing the accompanying Entitlement and Acceptance Form or by following the personalised BPAY® instructions provided on the Entitlement and Acceptance Form.

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall and will revert to the Underwriter.

Eligible Shareholders may, in addition to their Entitlement, apply for additional New Shares and free-attaching Options regardless of the size of their present holding. If you wish to apply for additional New Shares and free-attaching Options, please complete the accompanying Entitlement and Acceptance Form specifying the number of additional New Shares and free-attaching Options you wish to apply for.

Any Shortfall applied for will be issued at the discretion of the Directors in consultation with the Underwriter.

If you do not receive all of the additional New Shares and free Options you applied for, any excess application monies will be returned to you (without interest).

Directors will not be able apply for additional New Shares and free-attaching Options.

You must make payment for the appropriate Application Monies (at \$0.05 per New Share subscribed) as provided in Sections 2.2 or 2.3 below.

The Company reserves the right to reject any Entitlement and Acceptance Form which is not correctly completed or any payment which is submitted by a person whom they believe may be an ineligible Applicant, or to waive or correct any errors made by an Applicant in completing an Entitlement and Acceptance Form.

### **2.2 Payment by cheque**

Please complete the Entitlement and Acceptance Form according to the instructions on the form for all, or that part, of your Entitlement you wish to subscribe for. Entitlement and Acceptance Forms must be accompanied by payment in full of \$0.05 per New Share or Shortfall subscribed for.

Payments must be made by 5:00pm (WST) on 31 October 2012 and must be in Australian currency and by a cheque or bank draft drawn on and payable at any Australian bank.

Cheques should be made payable to "Lithex Resources Limited" and crossed "Not Negotiable". All amounts must be in cleared funds. Cash payments will not be accepted and receipts for payments will not be provided.

Completed Entitlement and Acceptance Forms with accompanying cheque or bank draft payment must be mailed to the following address:

**By Post:**

Security Transfer Registrars Pty  
Limited  
PO Box 535  
Applecross WA 6953

**By delivery:**

Security Transfer Registrars Pty  
Limited  
770 Canning Highway  
Applecross WA 6153

Applicants are not required to sign the Entitlement and Acceptance Form. Entitlement and Acceptance Forms and Application Monies must be received by the Registry no later than **5:00pm (WST) on the Closing Date**.

**2.3 Payment by BPAY®**

If you are paying for your New Shares or Shortfall by BPAY®, you should refer to your personalised instructions on your Entitlement and Acceptance Form. You **DO NOT** need to complete or return the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form and the representations outlined below in Section 2.4.

Make sure you use the specific Biller Code and unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form.

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **DO NOT** use the same CRN for more than one of your shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any Application in respect of your remaining shareholdings will not be recognised as valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. Please note that the maximum payment that can be received by BPAY® is \$1 million. It is your responsibility to ensure that funds submitted through BPAY® are received by **5:00pm (WST) on the Closing Date**.

**2.4 Implications of making an Application**

Returning a completed Entitlement and Acceptance Form or paying any Application Monies for New Shares or Shortfall Shares via BPAY® will be taken to constitute a representation by you that:

- (i) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (ii) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law.

## **2.5 Entitlements not taken up**

If you do not wish to accept your Entitlement or any part of your Entitlement (or you are precluded from doing so due to the jurisdiction of your registered address), you do not need to take any action. The number of Shares you hold and the rights attaching to those Shares will remain unchanged and the New Shares and free attaching Options representing your Entitlement will form part of the Shortfall.

## **2.6 Shortfall**

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall and will revert to the Underwriter.

The offer of the Shortfall is a separate offer pursuant to this Offer Document. The issue price of any New Shares offered pursuant to the Shortfall shall be \$0.05, being the price at which the Entitlement has been offered to Shareholders pursuant to this Offer Document.

The Shortfall shall be placed at the direction of the Underwriter, and the Underwriter reserves the right to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies, or to reject an application, or to not proceed with placing the Shortfall (pursuant to the terms of the Underwriting Agreement).

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### **3. RISK FACTORS**

#### **3.1 Introduction**

The future performance of the Company and the future performance of the New Shares may be influenced by a range of risk factors, many of which may be outside the control of the Company and the Directors. This Section lists these risks, but prospective investors should note that this list of risk factors may not be exhaustive.

Eligible Shareholders should consider the risk factors listed below, together with information contained elsewhere in this Offer Document, before deciding whether to apply for the Securities being offered.

#### **3.2 Specific Risks relating to the Company**

##### ***Potential for significant dilution***

Upon implementation of the Entitlement Offer, assuming all Entitlements are accepted and no options are exercised prior to the Record Date the number of Shares in the Company will increase from 53,567,010 on issue (assuming the Placement takes place on 12 October 2012) to 80,350,516. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Entitlement Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Offer Document being lodged of \$0.047 is not a reliable indicator as to the potential trading price of Shares after implementation of the Entitlement Offer.

##### ***Exploration Success***

The future profitability of the Company and the value of its securities are directly related to the results of exploration. The exploration tenements held by the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited. In addition, the resources may become depleted, resulting in a reduction of the value of those tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

### **Environmental risks**

Exploration programmes impact on the environment. These impacts are minimised by the Company's application of best practice principles. The Company will be subject to environmental laws and regulations in connection with activities and operations it may pursue. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject it to extensive liability.

Approval may be required from the relevant authorities before the Company can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

### **Further risks specific to the Company**

The current and future operations of the Company, including exploration, appraisal and production activities, may be affected by a range of factors, including:

- (a) geological conditions;
- (b) alteration to exploration and production programmes and budgets;
- (c) unanticipated operational and technical difficulties;
- (d) mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (e) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- (f) prevention or restriction of access by reason of political unrest, outbreak of hostilities or inability to obtain consents or approvals (including access agreements entered into with Native Title claimants); and
- (g) uninsured losses or liabilities.

## **3.3 General Risks**

### **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

### **Market Conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

#### ***Reliance on key personnel***

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

### **3.4 Investment Speculative**

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

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

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#### 4. CAPITAL STRUCTURE

##### 4.1 Capital structure on completion of the Offer and the Placement

	Number of Shares	Number of Options
Balance at the date of this Offer Document	46,580,010	15,130,000 <sup>1</sup>
Balance as at 12 October 2012 (when Placement is scheduled to take place)	53,567,010 <sup>2</sup>	18,623,500 <sup>3</sup>
To be issued under the Offer <sup>4</sup>	26,783,506	13,391,753
Fee to CPS <sup>5</sup>	Nil	10,000,000
<b>Balance after the Offer</b>	<b>80,350,516</b>	<b>42,015,253<sup>6</sup></b>

1 1,000,000 options exercisable at \$0.20 on or before 31 March 2015; 3,500,000 options exercisable at \$0.20 on or before 9 May 2015; 7,130,000 options exercisable at \$0.20 on or before 30 June 2015; 1,000,000 options exercisable at \$0.30 on or before 30 June 2015; 1,600,000 options exercisable at \$0.20 on or before 30 June 2015; 250,000 options exercisable at \$0.25 on or before 12 June 2015; 250,000 options exercisable at \$0.25 on or before 12 December 2015 and 400,000 options exercisable at \$0.15 on or before 29 May 2015.

2 Assuming that 6,987,000 Shares are issued under the Placement.

3 Assuming that 3,493,500 Options are issued under the Placement.

4 The number of Securities to be issued under the Offer assumes that no Options are exercised before the Record Date.

5 Refer to Section 1.7 for a summary of the Underwriting Agreement.

6 Assuming that no Options are exercised in this time.

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## 5. TERMS AND CONDITIONS OF FREE ATTACHING OPTIONS

### (a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

### (b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.08 (**Exercise Price**).

### (c) Expiry Date

Each Option will expire at 5.00pm (WST) on 31 December 2015 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

### (d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

### (e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

### (f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

### (g) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the

Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**(h) Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

**(i) Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

**(j) Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

**(k) Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**(l) Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

**(m) Quoted**

The Company will apply for quotation of the Options on ASX.

**(n) Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## DEFINED TERMS

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**\$ or A\$** means an Australian dollar.

**Applicant** refers to a person who submits an Entitlement and Acceptance Form.

**Application** refers to the submission of an Entitlement and Acceptance Form.

**Application Monies** means monies received from Applicants in respect of their Applications.

**ASX** means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Closing Date** means the closing date set out in Section 1.3 or such other date as may be determined by the Directors.

**Company** means Mantle Mining Corporation Limited (ACN 107 180 441).

**CPS or Underwriter** means Cunningham Paterson Sharbanee Securities Pty Ltd trading as CPS Securities (ACN 088 055 636) (AFSL 294848).

**Directors** means the directors of the Company.

**Eligible Shareholder** means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia or New Zealand.

**Entitlement** means the entitlement to subscribe for one (1) New Share for every two (2) Shares held by an Eligible Shareholder on the Record Date together with one (1) free-attaching Option for every two (2) New Shares subscribed for and **Entitlements** has a corresponding meaning.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

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

**New Share** means a new Share proposed to be issued pursuant to this Offer.

**Offer or Rights Issue** means the pro rata non-renounceable offer of New Shares at an issue price of \$0.05 each on the basis of one (1) New Share for every two (2) Shares held on the Record Date together with one (1) free-attaching Option for every two (2) New Shares subscribed for pursuant to this Offer Document.

**Offer Document** means this Offer Document dated 5 October 2012.

**Opening Date** means the opening date set out in Section 1.3.

**Option** means an option to acquire a Share on the terms set out in Section 5.

**Record Date** means the record date set out in Section 1.3.

**Section** means a section of this Offer Document.

**Securities** means Shares and Options.

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

**Share Registry** means Security Transfer Registrars Pty Limited.

**Shortfall** means those New Shares under the Offer not applied for by the Closing Date.

**Shareholder** means a holder of Shares.

**WST** means Australian Western Standard Time.