

VENTNOR RESOURCES LIMITED
ACN 142 014 873

SHORT FORM PROSPECTUS

For an offer to transfer all of the Delgare Shares on issue to Ventnor Shareholders pursuant to a Capital Reduction by way of In Specie Distribution contained in the Capital Reduction Resolution in the Notice of Meeting dated 27 October 2017 and to facilitate secondary trading of those shares.

IMPORTANT NOTICE

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with ASIC, the contents of which are therefore taken to be included in this Prospectus.

The Company Directors consider an investment in the Delgare Shares that will be distributed and transferred under this Prospectus and the Capital Reduction Resolution, to be speculative.

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1. Important Notes

1.1 General

This Prospectus is dated 27 October 2017 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus, or the merits of the investment to which this Prospectus relates.

No Delgare Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

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

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser immediately. The Delgare Shares the subject of this Prospectus should be considered speculative.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

If you are uncertain about the terms and conditions of the Offer, you should seek the advice of an appropriately qualified financial adviser.

As Delgare is an unlisted public company, the Delgare Shares will not be listed on ASX or any other securities exchange.

Defined terms and abbreviations used in this Prospectus are defined in Section 7.

1.2 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on 27 October 2017. This Prospectus is issued pursuant to Section 710 of the Corporations Act.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of Delgare Shares under this Prospectus and contains information that will provide investors and their professional advisers to assist them in making an informed assessment of:
 - (i) the rights and liabilities attaching to the Delgare Shares; and

- (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of Delgare;
- (b) refers investors and their professional advisers to this Prospectus which summarises the information in the Notice of Meeting deemed to be incorporated in this Prospectus;
- (c) informs investors and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours during the Offer Period; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to investors and their professional advisers or analysts.

1.3 Forward looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward looking statements or information.

Whilst the Company considers the expectations reflected in any forward looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined Schedule 7 of the Notice of Meeting, as well as other matters not yet known to the Company or not currently considered material to Delgare, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.

2. The Offer

2.1 Terms and Conditions of the Offer

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus.

The Capital Reduction Resolution of the Notice of Meeting is as follows:

“That, subject to resolution 10 being passed, for the purposes of section 256B and section 256C(1) of the Corporations Act, and for all other purposes, approval is given for the Company to reduce the share capital of the Company by the Company making a pro rata in specie distribution of all of the issued Delgare Shares to Eligible Shareholders on the Record Date on the terms and conditions set out in the Explanatory Statement.”

Pursuant to the Capital Reduction Resolution, the Company is inviting Ventnor Shareholders to vote on a reduction of capital by way of an In Specie Distribution of all of the issued Delgare Shares to Ventnor Shareholders on a pro rata basis.

Prior to the In-Specie Distribution, Delgare will undertake a share split to procure that it has the same number of shares on issue as Ventnor, which will represent one Delgare Share for every one Ventnor Share held by Ventnor Shareholders on the Record Date. In the event this is not the case (for example, as a consequence of an exercise of options in Ventnor or otherwise an issue of Delgare Shares in the meantime) the ratio of distribution will change and any fractional entitlements to Delgare Shares will be rounded down.

The In Specie Distribution will only proceed if the Capital Reduction Resolution is passed by Ventnor Shareholders at the Meeting.

Based on ASIC Regulatory Guide 188, the invitation to vote on the Capital Reduction Resolution of the Notice of Meeting constitutes an offer to transfer the Delgare Shares for the purposes of Section 707(3) of the Corporations Act. Accordingly, the Company has prepared this Prospectus.

Distribution of Delgare Shares to any Ventnor Shareholder with a registered address outside Australia (**Overseas Shareholder**) under the Capital Reduction Resolution will be subject to the legal and regulatory requirements in the relevant jurisdictions of those Ventnor Shareholders.

If the Company is unable to resolve the legal implications of the Demerger with the Overseas Shareholders, the Delgare Shares to which the relevant Overseas Shareholders would otherwise be entitled will be sold by the Company on behalf of those Ventnor Shareholders as soon as practicable after the Record Date. The Company will then account to the relevant Ventnor Shareholders for the net proceeds of the sale after deducting the costs and expenses of the sale.

2.2 Effect of the Offer on the Company

The effect of the Offer on the Company will be:

- (a) the Company ceasing to own any Delgare Shares;
- (b) the Company's share capital and total and net assets being reduced by approximately \$100; and

- (c) subject to the commentary in Section 2.1 regarding the number of Delgare Shares, Ventnor Shareholders that are registered on the Record Date will receive one Delgare Share for every one Ventnor Share held.

2.3 Effect of the Offer on Delgare

The effect of the Offer on Delgare will be that the entire issued capital of Delgare will no longer be held by a sole shareholder and instead will be held Ventnor Shareholders that are registered on the Record Date of the Demerger in the same proportion as their holdings of Ventnor Shares.

2.4 Action required by Ventnor Shareholders

No action is required by Ventnor Shareholders under this Prospectus.

Should Ventnor Shareholder approval be obtained for the In Specie Distribution, the Delgare Shares will be transferred to Ventnor Shareholders in accordance with the terms set out in the Notice of Meeting.

A prospectus is normally required to include an application form for shares. ASIC has granted relief from the requirement in ASIC Class Order [2017/241] so that the application form is not required to be included in this Prospectus. If the Capital Reduction Resolution is passed, the Company will sign the share transfer forms for the transfer of the Delgare Shares to Shareholders on behalf of Ventnor Shareholders. Ventnor Shareholders will receive a holding statement for the Delgare Shares to which they are entitled.

If you have any queries regarding this Prospectus, please contact the Company Secretary on (08) 9226 3780.

3. Information deemed to be incorporated in this Prospectus

3.1 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however it incorporates by reference information contained in a document that has been lodged with ASIC.

The Notice of Meeting contains all the information that Ventnor Shareholders require in relation to the Demerger and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus.

The material provisions of the Notice of Meeting are summarised below in Section 3.2 of this Prospectus and will primarily be of interest to Ventnor Shareholders and their professional advisers.

A copy of the Notice of Meeting has been sent to Ventnor Shareholders with this Prospectus. However, Ventnor Shareholders and their professional advisers may also obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours.

3.2 Summary of material provisions of Notice of Meeting

The material provisions of the Notice of Meeting insofar as they relate to the Demerger are summarised below. The Sections referred to below are a reference to Sections in the Explanatory Statement to the Notice of Meeting:

(a) **Section 9.1 – Background**

This Section provides an overview of the Demerger proposal and Delgare's material assets.

(b) **Section 9.2 – Demerger**

This Section provides further details of the Demerger and the rationale for the proposal.

(c) **Section 9.3 – Delgare Corporate Structure and Board**

This Section gives a description of Delgare's corporate structure and status, its likely operating costs, and details of Delgare's board of directors.

(d) **Section 9.4 – Delgare's Material Assets: DTM Payment and Royalty**

This Section provides an overview the DTM Payment and Royalty, being the only material assets of Delgare other than cash, and the background to the agreement between Delgare and Sandfire Resources NL in respect thereof.

(e) **Section 9.5 – Capital Reduction**

This Section provides details of the proposed alteration of Ventnor's capital structure and the In Specie Distribution.

(f) **Section 9.6 – Key dates**

This Section sets out the indicative timetable for the In Specie Distribution.

(g) **Section 9.7 – Independent Expert's Report and Delgare Valuation**

This Section sets out details in respect of the independent's expert's report requested by the Company in respect of the Demerger and the valuation of Delgare.

(h) **Section 9.8 – Advantages and Disadvantages of the Demerger**

This Section outlines the principal advantages and disadvantages to Ventnor Shareholders of the Demerger.

(i) **Section 9.9 – Failure to achieve completion of the Demerger**

This Section clarifies anticipated outcome if the Demerger is not completed.

(j) **Section 9.10 – Effect of capital reduction on Ventnor and Delgare**

This Section sets out the financial impact of the Demerger on both Ventnor and Delgare and notes the inclusion of pro forma statements of financial position for both companies are include in schedules to the Explanatory Statement.

(k) **Section 9.11 – Capital structure of Ventnor and effect of capital reduction**

This Section provides the capital structure of the Company the date of the notice of meeting and the effect of the proposed capital reduction on Option holders (which is that, in accordance with Listing Rule 7.22.3, the number of Options on issue following the Demerger will remain the same but the exercise price of each Company Option will be reduced by the same amount as the amount returned in relation to each Ventnor Share).

(l) **Section 9.12 – Capital structure of Delgare and effect of capital reduction**

This Section notes that the capital structure of Delgare will remain unchanged as a result of the Demerger.

(m) **Section 9.13 – Directors' interests and recommendations**

This Section details the number of securities in the Company which the Directors have an interest in prior to the Demerger and the number of Delgare Shares they are likely to receive if the Demerger is completed.

This Section also includes a recommendation from the Directors that Ventnor Shareholders vote in favour of the Demerger.

(n) **Sections 9.14 and 9.15 – Regulatory requirements**

This Section includes regulatory requirements under the Corporations Act (including a statement that the Directors believe that the Capital Reduction is fair and reasonable to Ventnor Shareholders and that the Capital Reduction will not prejudice the Company's ability to pay its creditors) and Listing Rules.

(o) **Section 9.16 – Overseas Shareholders**

This Section sets out the rights and restrictions of overseas Ventnor Shareholders in relation to the Demerger and associated In Specie Distribution.

(p) **Section 9.17 – Delgare Shares**

This Section contains a summary of the more significant rights and liabilities attaching to Delgare Shares.

(q) **Section 9.18 – Risk factors**

This Section notes that on completion of the Demerger, Ventnor Shareholders will become direct shareholders in Delgare and should be aware of the general and specific risks that may affect Delgare and the value of its securities.

(r) **Sections 9.19 and 9.20 – Taxation**

These Sections describes the ATO Rulings that the Company will be seeking.

These Sections also outline the potential Australian tax consequences relating to the Demerger to Ventnor Shareholders and the Company.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences for Ventnor Shareholders.

(s) **Section 9.21 – GST Implications**

This Section sets out the potential GST implications of the Demerger.

(t) **Section 9.22 – Lodgement with ASIC**

This Section confirms that the Company has lodged the Notice of Meeting and this Prospectus with ASIC.

(u) **Section 9.23 – Disclosure to ASX and ASIC**

This Section confirms that the Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules.

(v) **Section 9.24 – Other material information**

This Section confirms that the indicative timetable for the Demerger and that there is no other material information that is known to the Directors not otherwise already disclosed.

(w) **Schedule 3 – Pro forma statement of financial position**

This schedule sets out a pro-forma statement of financial position of both the consolidated Ventnor group and Delgare as at 30 June 2017 as a result of the Demerger, which includes the In Specie Distribution.

(x) **Schedule 4 – Risk Factors**

This schedule lists a number of specific and general risks that may have a material effect on the financial position and performance of Delgare and the value of its shares.

4. Additional Information

4.1 Interests of Delgare Directors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting:

- (a) no Delgare Director holds, or during the last two years before lodgement of this Prospectus with the ASIC, held, an interest in:
 - (i) the formation or promotion of Delgare;
 - (ii) property acquired or proposed to be acquired by Delgare in connection with its formation or promotion or the Offer; or
 - (iii) the Offer; and
- (b) except as set out in this Prospectus or the Notice of Meeting, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Delgare Director either to induce him to become,

or to qualify, as a Delgare Director or otherwise for services rendered by them in connection with the formation or promotion of Delgare or the Offer.

4.2 Interests of Advisors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no promoter of Delgare or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of Delgare;
- (b) any property acquired or proposed to be acquired by Delgare in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of Delgare or the Offer.

RSM Corporate Australia Pty Ltd has acted as the independent expert in relation to the Offer. The Company estimates it will pay RSM Corporate Australia Pty Ltd approximately \$12,500 plus GST for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, RSM Corporate Australia Pty Ltd has received no fees from the Company.

Milcor Legal has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Milcor Legal approximately \$20,000 plus GST for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Milcor Legal has received approximately \$10,350 excluding GST in fees from the Company.

4.3 Substantial Delgare Shareholders

As at the date of this Prospectus, the Company holds all of the Delgare Shares on issue.

On completion of the In Specie Distribution the substantial Delgare Shareholders (being the Delgare Shareholders with a voting power in 5% or more of the Delgare Shares on issue) will be as set out below:

Name of Delgare Shareholder	Number of Delgare Shares in which the Delgare Shareholder will have a relevant interest	Percentage interest
Morparq Pty Ltd	26,333,333	11.79
Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	13,333,334	5.97

4.4 Litigation

To the knowledge of the Directors, as at the date of this Prospectus, Delgare is not involved in any legal proceedings, and the Directors are not aware of any legal proceedings pending or threatened against Delgare.

4.5 Dividend policy

The Company does not expect Delgare to declare any dividends in the near future.

The current intention of Delgare Directors is to pay to Delgare Shareholders in the form of dividends as close to 100% as possible of income received from Sandfire pursuant to rights to the DTM Payment and the Royalty (as detailed in the Notice of Meeting) retaining only sufficient amounts to pay for Delgare's ongoing working capital and administration expenses.

However, any future determination as to the payment of dividends by Delgare will be at the discretion of the Delgare Directors and will depend on matters such as the availability of distributable earnings, the financial condition of Delgare, future capital requirements and general business and other factors considered relevant by the Delgare Directors.

No assurances can be given by the Company or Delgare in relation to the payment of dividends by Delgare or that franking credits may attach to any dividends.

4.6 Forecast financial information

There are significant uncertainties associated with forecasting future revenues and expenses of Delgare. In light of uncertainty as to the likelihood of receiving and the timing of the DTM Payment and the Royalty given the general nature of the mining industry as well as uncertain macro market and economic conditions, Delgare's performance in any future period cannot be reliably estimated. On this basis and after considering Regulatory Guide 170, the Directors believe that reliable financial forecasts for Delgare cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

5. Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this Section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offer; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this Section.

RSM Australia Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as the appointed independent expert for the Company in relation to the Demerger and the Offer in the form and context in which it is named and to the incorporation by reference into this Prospectus of the Notice of Meeting and annexed Independent Expert's Report dated on or about the date of this Prospectus in the form and context in which it is incorporated, and to all references to the Notice of Meeting and Independent Expert's Report in this Prospectus in the form and context in which they appear.

Milcor Legal has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as solicitors to the Company in relation to the Offer in the form and context in which it is named and to the incorporation by reference into this Prospectus of the Notice of Meeting in the form and context in which it is incorporated, and to all references to the Notice of Meeting in this Prospectus in the form and context in which they appear.

6. Directors' authorisation

This 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 Corporations Act, each Company Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.



Bruce Maluish
Managing Director

For and on behalf of Ventnor Resources Limited
27 October 2017

7. Definitions

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ACN 008 624 691).

ASX Listing Rules means the official Listing Rules of the ASX.

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

Capital Reduction means the equal reduction of capital of the Company proposed to be satisfied by the In Specie Distribution and transfer to Eligible Ventnor Shareholders (in proportion to their holdings of Ventnor Shares) of Delgare Shares held by the Company.

Capital Reduction Resolution means Resolution 9 of the Notice of Meeting to be put to Ventnor Shareholders at the General Meeting to approve the Capital Reduction.

Company or Ventnor means Ventnor Resources Limited (ACN 142 014 873).

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

Company Option means an option to acquire a Ventnor Share.

Delgare means Delgare Ltd (ACN 137 981 081).

Delgare Director means a current director of Delgare.

Delgare Option means an option to acquire a Delgare Share.

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

Delgare Shareholder means a holder of a Delgare Share.

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

Corporations Act means the Corporations Act 2001(Cth).

Demerger means the demerger of Delgare as contemplated by the Capital Reduction Resolution and summarised in Section 9 of the Explanatory Statement.

Eligible Shareholder means a holder of Ventnor Shares as at the Record Date.

Explanatory Statement means the explanatory statement accompanying and forming part of the Notice of Meeting.

General Meeting or Meeting means the meeting convened by the Notice of Meeting.

In Specie Distribution means, as part of the Transaction, the Capital Reduction by way of in specie distribution of Delgare Shares to Ventnor Shareholders for which approval is being sought pursuant to the Capital Reduction Resolution of the Notice of Meeting.

Notice of Meeting means the Notice of Annual General Meeting of the Company dated 27 October 2017 in which the Capital Reduction Resolution is to be considered.

Offer means the offer of Delgare Shares pursuant to the Notice of Meeting.

Prospectus means this short form prospectus prepared in accordance with Section 712 of the Corporations Act and dated 27 October 2017.

Record Date means date for determining Eligible Shareholders in respect of the Offer as specified in the timetable set out in Section 9.6 of the Notice of Meeting (unless extended).

Schedule means a schedule of the Notice of Meeting

Section means a section of this Prospectus, the Notice of Meeting or the Corporations Act, as the context requires.

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

Ventnor Shareholder means a holder of Ventnor Shares.

WST means Western Standard Time, Perth, Western Australia.

