

22 July 2014

Dear Shareholder

**NON-RENOUNCEABLE RIGHTS ISSUE OFFER**

On 21 July 2014, Outback Metals Limited (ASX:OUM, the **Company**) announced a pro rata non-renounceable rights issue (**Rights Issue**) to holders of shares in the Company as at 5.00pm CST on Friday 25 July 2014 (**Record Date**).

Pursuant to the Rights Issue, the Company will offer eligible Shareholders a total of 240,807,247 fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of \$0.001 per share to raise approximately \$0.241 million before costs. The New Shares will be offered on the basis of 1 New Share and a free First Option, along with a free Second Option if the First Option is exercised, for every share held at the Record Date (**Entitlement**). Each First Option will be exercisable at \$0.001 per share and will expire on 31 July 2015. If a First Option is exercised before it expires on 31 July 2015 the option holder will receive 1 New Share and 1 Second Option. The Second Option will be exercisable at \$0.0012 per share and will expire on 31 December 2017.

The New Shares will be fully paid and will rank equally with the Company's existing issued shares. The Company will make application to the ASX for official quotation of the New Shares.

Shareholders who subscribe for their full Entitlement under the Rights Issue will have the opportunity to subscribe for up to an additional 250,000 Shares each on the same terms as the Shares subscribed under the Rights Issue. The total number of Shares subscribed for under the Rights Issue plus subscriptions accepted for any additional Shares cannot exceed 240,807,247 Shares.

South Cove Limited (SCL) has agreed, conditionally, to underwrite the Rights Issue if valid applications for not less than 50,000,000 Shares (**Minimum Subscription**) in the Rights Issue are received from Shareholders other than SCL or either of its associates, Territory Development Corporation Pty Limited (TDC) and Graham Maxwell Chrisp. SCL has also agreed, conditionally, that if the Minimum Subscription is not received, it will lend OUM the shortfall in the Rights Issue by way of a Convertible Note.

The Underwriting Agreement and Convertible Note are each conditional, by way of condition precedent, on OUM shareholders, other than SCL, TDC or any of their associates, passing a resolution at a General Meeting to be held on 1 September 2014 to approve the acquisition by SCL, TDC and Graham Maxwell Chrisp of a relevant interest in all Shares pursuant to the Underwriting Agreement, Convertible Note and exercise of both the First and Second Options. The Notice of Meeting and associated Explanatory Memorandum concerning the resolution will be separately mailed to Shareholders.

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The net proceeds received from the Rights Issue will be principally used to provide funding for:

- progressing ongoing tungsten, tin, gold and copper projects in respect of newly-outlined potentially large targets on OUM's wholly owned Mt Wells, Mt Wells South, Maranboy, Mt Diamond and Yeuralba projects in the Northern Territory; and/or
- continuing corporate discussions with parties interested in involvement in OUM's projects and/or the Company; and/or
- investigation and following up additional business opportunities for the Company, including further discussions and negotiations regarding investment with OUM and investigating additional business opportunities for OUM; and/or
- contributing to ongoing working capital requirements.

The anticipated timetable for the Rights Issue is as follows:

EVENT	DESCRIPTION	DATE
<b>Announcement date and lodgment of Appendix 3B with ASX</b>	The Offer is announced	Monday 21 July 2014
<b>Ex date</b>	Existing shares commence trading without the entitlement to participate in the Offer	Wednesday 23 July 2014
<b>Record date</b>	The date for determining entitlements to new shares under the Offer	Friday 25 July 2014
<b>Offer document despatch date</b>	Offer documents lodged with ASX and despatched to Eligible Shareholders. Rights Issue opens for acceptances	Wednesday 30 July 2014
<b>Closing date</b>	The last day for receipt of acceptance forms	Monday 1 September 2014
<b>Deferred settlement</b>	Shares quoted on a deferred settlement basis	Tuesday 2 September 2014
<b>Shortfall Notification Date</b>	ASX is notified of any shortfall	Thursday 4 September 2014
<b>Issue date</b>	Allotment of New Shares and deferred settlement ends	Monday 8 September 2014
<b>Holding statement despatch date</b>	Holding statements despatched to participating shareholders	Monday 8 September 2014
<b>Normal trading start date</b>	Normal trading of new shares issued under the Offer commences on ASX	Tuesday 9 September 2014

This timetable is indicative only and is subject to change at the discretion of the directors. The directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment. In that event, application monies will be returned without interest.

### **Your Entitlement**

This letter is advance notice of some key terms and conditions of the Rights Issue. Full details of the Rights Issue, together with a personalised Entitlement and Acceptance Form, are contained in the Rights Issue Offer Document (**Offer Document**) which will be separately mailed to Shareholders on Wednesday 30 July 2014. Only Outback Metals Limited Shareholders registered as at 5.00pm CST on Friday 25 July 2014 will be entitled to participate in the Rights Issue.

Shareholders should consider the Offer Document carefully in deciding whether to participate in the Rights Issue and will need to complete the Entitlement and Acceptance Form to take up their entitlement.

Shareholders may also elect to participate in the Shortfall Facility by applying for New Shares in excess of their pro rata entitlement up to an additional 250,000 Shares.

Shareholders should obtain any professional advice they require to evaluate an investment in New Shares, its risks and whether or not to participate in the Rights Issue and Shortfall Facility.

On behalf of the Board I would like to take this opportunity to thank Shareholders for their support and invite you to consider the opportunity now offered with this Rights Issue.

Yours faithfully



Graham Chrisp  
Executive Chairman