



26 September 2014

**This is an important document that requires your attention**

Dear Shareholder

**Share Purchase Plan – Eligible Shareholders may purchase parcels of fully paid ordinary shares up to a value of \$15,000**

On behalf of Callabonna Resources Ltd (CUU or the Company), I am pleased to offer you the opportunity to increase your investment in CUU through a Share Purchase Plan (SPP).

The funds raised under the SPP are to be used for exploration and general working capital purposes. It will enable CUU to continue the exploration at the Ansongo Manganese Project, Mali which we commenced with a field visit in August.

**Share Purchase Plan**

The amount that each Eligible Shareholder can apply for under the SPP is capped at \$15,000.

The SPP is being offered to Australian and New Zealand Shareholders at the issue price of \$0.015 per share.

The SPP is offered exclusively to all Eligible Shareholders, being registered holders as at 7pm (Sydney Time) on 19 September 2014 (Record Date) with a registered address in Australia or New Zealand who meet certain other conditions as set out in the Terms and Conditions.

The SPP provides Eligible Shareholders with an opportunity to buy a parcel of New Shares in CUU valued at \$2,000, \$5,000, \$7,500, \$10,000 or \$15,000.

The SPP opens today, 26 September 2014, and is expected to close at 5pm (Perth time) on 17 October 2014.

Participation in the SPP is entirely voluntary. No brokerage costs apply to purchases under the SPP. The issue of New Shares is expected to occur on 22 October 2014.

The SPP is not underwritten.

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Melbourne VIC 3000

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**Callabonna Resources Limited - ABN 71 099 247 408**

## Looking ahead

As you are already aware, Callabonna owns a direct interest of 2.1% in the exciting Ansongo Manganese Project in Eastern Mali. As the next step we are earning a further 10% in the project by spending \$3.5 million to evaluate the deposit and publish a JORC compliant maiden resource. CUU's objective is to develop a high grade manganese mine at Ansongo which we believe has the potential to be highly profitable.

The company announced (15 September 2014) that the Mali Mining ministry has approved the resumption of mining activities on the Ansongo Permit. Following a visit on site the company has planned a drilling program to commence in October 2014 with the aim of testing an initial exploration target in the range of 5-15mt @ 35-45% Mn.

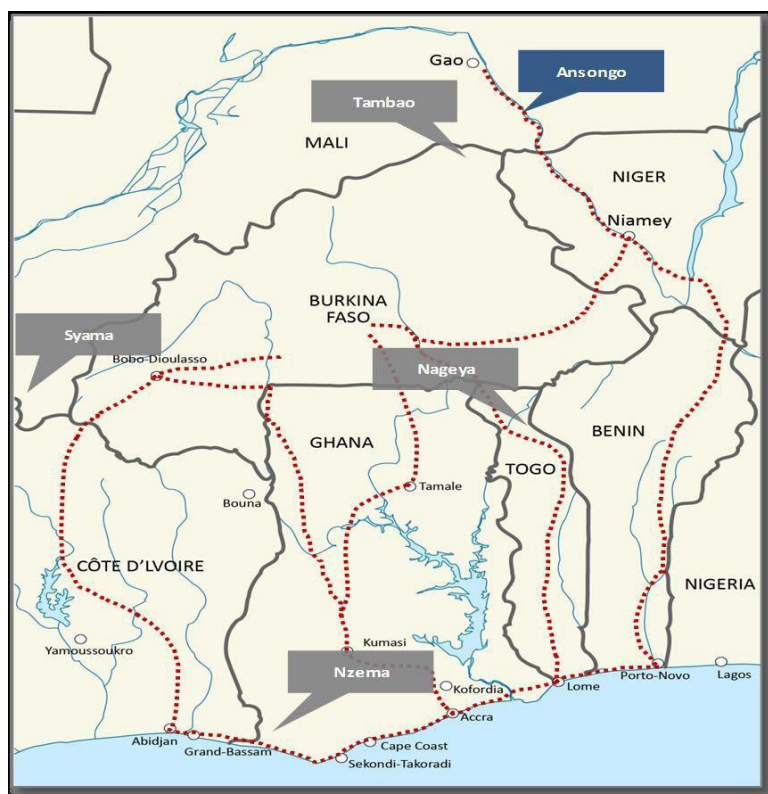


***Figure 1: View to the south east of the "Hill D" area in the Takavasita Hills with the sample piles in the foreground.***

## Ansongo Manganese Project

The Ansongo Project is located in eastern Mali close to the borders with Burkina Faso and Niger and connected by good roads to the south-west African coast (Figure 2). Manganese outcrops extensively over 3 km in eight hills known as the Takavasita Hills. These have had limited exploration and some mining. Less well explored areas up to 20 km to the west in hills at Agualla and Tondibi, also have similar surficial manganese occurrences but are effectively unexplored (Figure 3).

Mining Lease PE2011/15 (district of Ansongo) was granted in 2011 based on a feasibility study that included reference to historical resource estimates. Previous resource estimates and those based on drilling carried out in 2011, were inadequate to satisfy minimum requirements under the JORC code and allow effective project financing. Callabonna's priority therefore is to carry out a compliant drilling program and resource estimate on the known mineralisation in the Takavasita Hills as a precursor to developing a mine.



**Figure 2: Location of the Ansongo Project. The red dotted lines are transport routes to the coast.**

### Summary of Previously Reported Results

Detailed information of previous due diligence by Callabonna can be found in the announcements made on 6 May 2014, 10 June 2014, and 28 July 2014.

- The manganese deposits of the Ansongo region are hosted by Precambrian rocks (*ca* 2100Ma) modified by Tertiary (*ca* 20-60Ma) weathering. They occur in three main areas known as Agualla, Tondibi and Takavasita, and form an arc approximately 20 km long, 5 km north of the Niger River (Figure 3).
- The high grade Tambao manganese deposit in Burkino Faso, some 100km to the south of Ansongo, is in a similar geological and topographic setting. At both deposits, near surface black manganese oxide ore is developed on steeply dipping manganese carbonate rock.
- In the Takavasita Hills black manganese oxide deposits outcrop as a series of low-lying hills and ridges over some 3 km along a north-west trend. The hills vary in height between 20 and 80 metres above the current land surface. Trenching has confirmed black manganese oxide extends away from the hills along strike under sand cover, and drilling underneath the hills indicated the presence of manganese oxide below the level of the plain.

- Previous drilling was largely focussed in the Takavasita Hills on the western side of the largest hill ('hill D') (Figure 4) and inadequately tested the area under any the hill. Further assay results from this drilling were only semi-quantitative. Details of this were released in an independent geologists report in June 2014.
- Check assaying of a limited number of samples from the earlier work were limited to two studies, the results of which are summarised in the table below.

<b>TABLE OF PREVIOUS ASSAYS SUMARISED</b>							
<b>Sample Group</b>	<b>Mn %</b>	<b>Fe2O3%</b>	<b>SiO2%</b>	<b>Al2O3%</b>	<b>P2O5%</b>	<b>Comment</b>	<b>ASX Reference</b>
TD028 under the Western Adit	42	4.1	11	9.4	0.2	Drilling "hill D" top 20m down hole.	May 6 2014
POSCO due diligence by Mineral Corp	39	4.5	15	10	0.3	Surface sampling of trenches on Hill D	May 6 2014

- Coffey Mining Consultants collected 18 small surface samples from random sites on Hill D in January 2014 (ASX 10 June 2014). Uncut the 18 samples averaged 35% Mn and 16% SiO<sub>2</sub>. Cut to 30% Mn, 13 samples averaged 40%Mn and 8% silica. Cut to 40% Mn, 9 samples averaged 44% Mn and 6% silica.
- Both sample groups above indicate that the SiO<sub>2</sub> and Al<sub>2</sub>O<sub>3</sub> content is considerably lowered when the samples with higher manganese grades are grouped. This suggests that a combination of selective mining and processing can make a readily marketable product.
- A 280 tonne raw bulk sample that was shipped to India averaged 36% Mn.

The Company is not aware of any new information or data that would materially affect the information included in previous announcements, referenced herein.

### **How to accept this offer**

To apply for New Shares under the SPP, please follow the instructions on the enclosed personalised Application Form.

This letter and its attachments set out the details and Terms and Conditions of the SPP. I encourage you to read the enclosed material and seek your own financial advice in relation to the SPP, before you decide whether to participate. If you require information on how to complete the Application Form please contact the Company Secretary on +61 8 9388 8290.

I am very excited that we have managed to progress the Ansongo project to the stage where we are ready to commence drilling and project evaluation. The funding that we raise from this offer will place us on the path towards building a project over the next few years that I believe will be among the world's better manganese mining projects. I therefore

commend this Share Purchase Plan to you and look forward to your participation and support.

On behalf of the Board, I invite you to consider participation in the SPP.

Yours sincerely



Mr Phil Harman  
Chairman

Competent Persons Statement

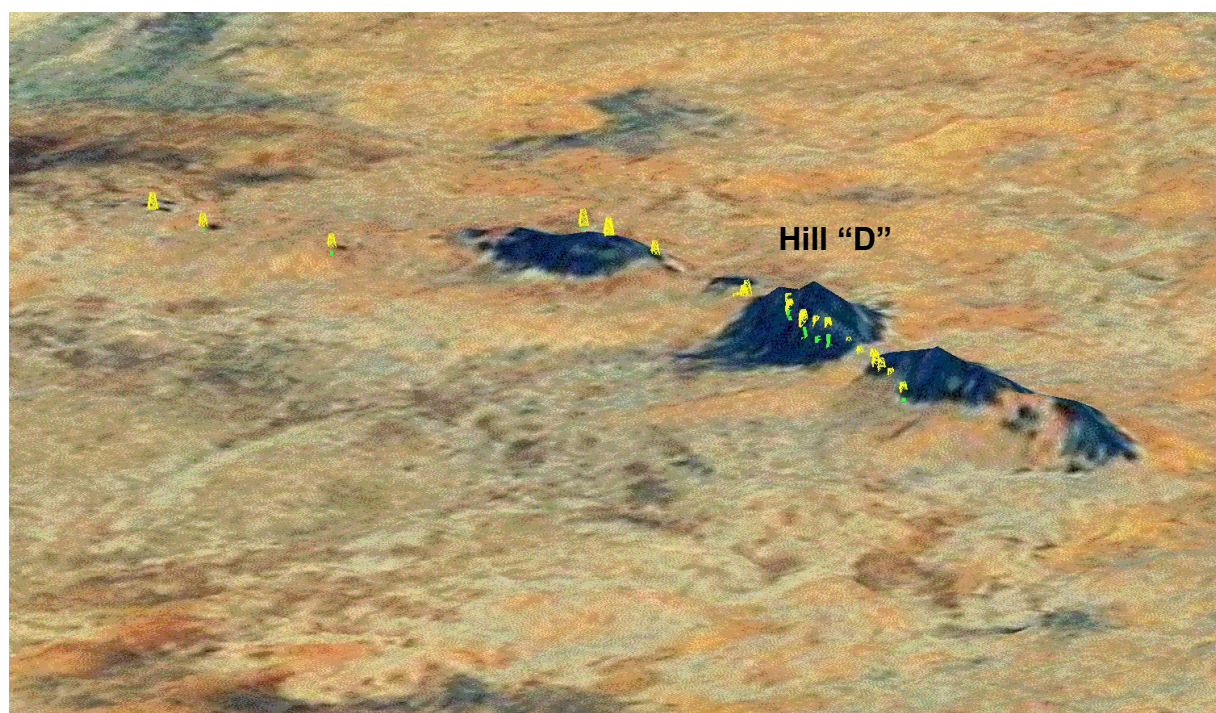
*The information in this report that relates to Exploration Results is based on information compiled by Michael Raetz, a director and employee of the Company. Mr Raetz has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Mr Raetz as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Raetz consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*



## ADDITIONAL FIGURES



**Figure 3: Mining Lease PE2011/15 located on satellite image showing the Takavasita, Tondibi and Agaula Hills**





***Figure 4: Existing drill sites on satellite view of the Takavasita Hills looking north.***



***Figure 5 South face of Hill D***



***Figure 6: Crushing and screening facility at Takavasita (Coffey 2014)***

## TERMS AND CONDITIONS

**IMPORTANT NOTICE:** The offer to purchase New Shares under this Share Purchase Plan (**SPP**) is not a recommendation to purchase shares in CUU. If you are in any doubt about whether or not, or the extent that, you should participate in this SPP, you should obtain professional financial and/or taxation advice to assist you (taking into account your own financial situation, needs and objectives). Nothing in these Terms and Conditions, the Application Form or any other accompanying documentation constitutes investment or financial product advice or is intended to influence your decision whether or not to participate in the SPP.

If you apply to participate in the SPP by making an online payment or completing and returning the Application Form with a cheque or money order, you are accepting the risk that the market price of shares in CUU may change between the Opening Date, the date on which you send in an Application Form or make an online payment and the Issue Date. This means it is possible that, up to or after the Issue Date, you may be able to buy shares in CUU at a lower price than the Issue Price.

The terms and conditions of the Callabonna Resources Ltd Share Purchase Plan (**SPP**) are below. These terms and conditions are binding on any eligible shareholder completing a Share Purchase Plan Application Form or applying via internet banking. The Application Form forms part of this document.

### **1. SPP**

- (a) The SPP is an invitation to Eligible Shareholders by Callabonna Resources Ltd (**CUU**) to subscribe for fully paid ordinary shares in CUU (**New Shares**) at the Issue Price of \$0.015 (see clause 5) per New Share.
- (b) The minimum application amount under the SPP is \$2,000.
- (c) The amount an Eligible Shareholder can apply for will be restricted to a cumulative total of \$15,000.
- (d) The SPP is conducted under ASIC Class Order CO 09/425.
- (e) You are not obliged to accept or otherwise participate in the SPP. Participation in the SPP is optional.
- (f) The SPP is made to each Eligible Shareholder on the same terms and conditions.
- (g) The offer under the SPP is non-renounceable, which means you may not transfer your right to apply for New Shares under the SPP to anyone else.

### **2. Opening and Closing Date of the SPP**

The SPP opens on 26 September 2014 and is scheduled to close at 5.00pm (Perth time) on 17 October 2014. CUU reserves the right to change the closing date of the SPP. No late applications will be accepted.



### 3. Eligible Shareholders

- (a) You are eligible to participate in the SPP (**Eligible Shareholder**) if you were a registered holder of fully paid ordinary shares in CUU (**Shares**) at 7.00pm (Sydney Time) on 19 September 2014 (**Record Date**) whose address in the security register of CUU is in Australia or New Zealand unless:
  - (i) you hold Shares on behalf of another person who resides outside Australia or New Zealand and do not hold Shares in any other capacity;
  - (ii) you are resident in the United States or acting for the account or benefit of a person resident in the United States; or
  - (iii) you are ineligible to participate in the SPP because of the aggregate limit explained in clause 4.
- (b) (**Single Holders**) If you are the only registered holder of Shares, but you receive more than one offer under the SPP (for example, due to multiple registered holdings), you may only apply for one maximum parcel of New Shares up to the value of \$15,000.
- (c) (**Joint Holders**) If you are recorded with one or more other persons as the joint holder of Shares, that joint holding is considered to be a single registered holding for the purposes of the SPP and, subject to the conditions of eligibility set out in this clause 3, the joint holders are entitled to participate in the SPP in respect of that single holding only. The certification under clause 9(d) by one joint holder will be effective in respect of the other joint holder(s). If the same joint holders receive more than one offer under the SPP due to multiple registered holdings, the joint holders may only apply for New Shares up to a maximum of \$15,000.
- (d) (**Custodians, Trustees and Nominees**) If you are a custodian within the definition of 'custodian' in ASIC Class Order CO 09/425 and you are a registered holder of Shares on behalf of another person (**Beneficiary**) and you apply to acquire New Shares on behalf of the Beneficiary, you must certify in writing to CUU a number of matters relating to such beneficiaries (**Custodian Certificate**).
- (e) If you are a custodian please contact the Share Registry to obtain the form of Custodian Certificate that you are required to submit.
- (f) If you are a custodian and you hold shares or interests jointly on behalf of two or more persons, the \$15,000 limit applies jointly in relation to those persons as if you hold the shares or interests on behalf of a single person.
- (g) If you hold Shares as a trustee or nominee for another person, but are not a 'custodian' as defined above, you cannot participate for Beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.
- (h) Nominees and other registered holders of Shares that are acting on behalf of a person in the United States or any other country outside Australia and New Zealand must not (i) send this document or any other document relating to the SPP to any person in the United States or any other country outside Australia and New Zealand or (ii) purport to exercise rights under this offer on behalf of a person in the United States or any other country outside Australia and New Zealand.
- (i) If you are an Eligible Shareholder, your rights under this offer are personal to you and are non-renounceable, which means you cannot transfer your rights to another person.

#### 4. How much can you invest?

- (a) Applications under the SPP may only be made for the following amounts:

<b>Total \$</b>	\$2,000	\$5,000	\$7,500	\$10,000	\$15,000
<b>New Shares</b>	133,333	333,333	500,000	666,666	1,000,000

- (b) Eligible Shareholders are not permitted to acquire more than \$15,000 worth of New Shares in aggregate, even if you receive more than one Application Form or hold Shares in more than one capacity, e.g. if you are both a sole and joint holder of Shares (**Aggregate SPP Participation**).

#### 5. Issue Price of New Shares under the SPP

- (a) The price per New Shares on offer under the SPP (**Issue Price**) will be \$0.015.
- (b) The current Share price can be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: CUU) and is listed in the financial and business section of major daily newspapers circulated in Australia.
- (c) The Issue Price represents a discount of:
- (i) 6% to the closing price of Shares of \$0.016 on 8 September 2014 (being a day in the last 30 days ); and
  - (ii) Nil% to average market price of Shares over the last 5 days on which sales of Shares were recorded before 22 September 2014 (being the day the SPP was announced).
- (d) You agree to pay the Issue Price for each New Share calculated under clauses 5(a) and 6(b).
- (e) You acknowledge that the market price of Shares may rise or fall between the date of this SPP, the date of calculation of the Issue Price and the date that New Shares are allotted to you under the SPP (**Issue Date**) and that the effect of this is that the Issue Price you pay for the New Shares may exceed the market price of New Shares on the Issue Date.

#### 6. Applying for New Shares

- (a) Eligible Shareholders may apply to purchase a parcel of New Shares of either \$2,000, \$5,000, \$7,500, \$10,000 or \$15,000. If you are an Eligible Shareholder and wish to participate in the SPP, you must follow the instructions on the SPP Application Form (**Application Form**) and either:
- (i) make payment by online banking equivalent to the value of the parcel of New Shares you wish to apply for. Applicants must use the unique customer reference number shown on the Application Form which is required to identify your holding. If paying by direct credit, you do not need to return your Application Form. Payment by online credit may not be processed and may not be valid if it has not been received by the Company by the time and date specified as the Closing Date. You should be aware that the online payment system closes at 5.00pm (Sydney time) and your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment;

- (ii) complete the Application Form and provide a cheque or money order made payable to "Callabonna Resources Ltd",

so that it is received by the Company at the address below by 5.00pm (Perth time) on the Closing Date. Payments must be denominated in Australian dollars. Cash will not be accepted.

***Callabonna Resources Ltd***

***PO Box 226***

***Subiaco WA 6904***

***By fax: +61 8 9388 8256 or by email to [ianhobson@bigpond.com](mailto:ianhobson@bigpond.com)***

- (b) If you apply for New Shares, you will apply for a certain value, rather than a certain number, of New Shares. Subject to clause 0, CUU will divide the parcel value you select by the Issue Price in order to determine the number of New Shares for which you have applied (rounded down to the nearest whole number of New Shares).

Any balance of monies sent by you that is remaining as a result of rounding will be refunded to you via cheque to your registered address, except where the amount is less than \$2.00 in which instance it will be retained by CUU. No interest will be paid on any application monies received or returned to you.

- (c) Eligible Shareholders who receive more than one offer under the SPP (for example, because they hold Shares in more than one capacity) may apply on different Application Forms for New Shares but may not apply for New Shares with an aggregate value of more than \$15,000.

- (d) CUU may accept or reject your application for New Shares, either in whole or in part, at its absolute discretion. For example, CUU may reject your application in any of the following circumstances (among others):

- (i) it appears that you are applying to purchase a number of New Shares that will mean that your Aggregate SPP Participation will exceed \$15,000;
- (ii) your Application Form is incorrectly completed, incomplete or otherwise determined by CUU to be invalid;
- (iii) your cheque is dishonoured or the cheque or money order that you enclose with your Application Form is not made out for the amount corresponding to the value of the parcel of New Shares for which you have applied;
- (iv) your Application Form is received after the Closing Date; or
- (v) CUU believes you are not an Eligible Shareholder (subject to compliance with any applicable ASIC or ASX requirements).

Late or otherwise incomplete or invalid payments will be refunded to you.

## **7. Risk**

- (a) Subscription for New Shares is a speculative investment and the market price may change between the date you apply for New Shares and the issue of New Shares to you. Accordingly, the value of New Shares applied for is likely to rise or fall. Importantly, there is a risk that during the period between when you apply for New Shares and when the New Shares are issued to you, the price at which Shares are traded on the ASX may be less than the Issue Price.
- (b) This document is not a prospectus or product disclosure statement, and has not been lodged with ASIC. The issue of a prospectus or product disclosure statement is not required for the purposes of the SPP. This document does not contain the types of disclosure required to be contained in a prospectus or product disclosure statement.



You must rely on your own knowledge of CUU, previous disclosures made by CUU to the ASX (including disclosure regarding the risks of making an investment in CUU) and, if necessary, consult your professional adviser when deciding whether or not to participate in the SPP.

## 8. Timetable

- (a) Subject to clause 8(b):
  - (i) **(Record Date)** the record date for the offer is 7.00pm (Sydney Time) on 22 September 2014 (being the day before the SPP was announced);
  - (ii) **(Opening Date)** the offer opens on 26 September 2014;
  - (iii) **(Closing Date)** the offer closes at 5.00pm (Perth time) on 17 October 2014;
  - (iv) **(SPP Results Announcement)** the number of New Shares to be issued will be announced to the ASX shortly after the Closing Date; and
  - (v) **(Issue Date)** CUU proposes to that the New Shares will be issued on 24 October 2014.
- (b) Subject to the ASX Listing Rules and the Corporations Act, CUU may vary any of the dates in clause 8(a) at its discretion (even if the offer has opened, or direct credit or Application Forms have been received) by lodging a revised timetable with ASX.

## 9. Effect of Making an Application

If you submit a direct credit payment or complete and return an Application Form together with a cheque or money order:

- (a) you acknowledge that you are an Eligible Shareholder;
- (b) you irrevocably and unconditionally agree to these Terms and Conditions and the terms of the Application Form and agree not to do any act or thing that would be contrary to the spirit, intention or purpose of the SPP or these Terms and Conditions;
- (c) you acknowledge your application is irrevocable, unconditional and cannot be withdrawn once returned;
- (d) you certify that the total of the application price for the following does not exceed \$15,000:
  - (i) New Shares under the SPP the subject of your application;
  - (ii) any other New Shares or interests under the SPP or any Shares or interests in the class of shares issued that you acquired under any similar arrangement in the 12 months before the date of your application;
  - (iii) any other New Shares or interests in the class of shares issued which you have instructed a custodian to acquire on your behalf under the SPP; and
  - (iv) any other Shares or interests in the class of shares issued to a custodian under an arrangement similar to the SPP in the 12 months before the date of your application as a result of an instruction given by you to the custodian or another custodian and which resulted in you holding beneficial interests in the shares or interests in the class,even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP;
- (e) if you are a custodian, you make additional representations that you either:
  - (i) hold an Australian financial services licence that:

- (A) covers the provision of a custodial or depository service (as defined by section 766E of the Corporations Act 2001 (Cth) (Corporations Act)); or
    - (B) includes a condition requiring you to comply with the requirements of ASIC Class Order CO 02/294; or
  - (ii) are exempt from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service under:
    - (A) paragraph 7.6.01(1)(k) of the Corporations Regulations 2001 (Cth) (**Regulations**);
    - (B) paragraph 7.6.01(1)(na) of the Regulations;
    - (C) ASIC Class Order CO 05/1270 to the extent that it relates to ASIC Class Order CO 03/184;
    - (D) ASIC Class Orders CO 03/1099, CO 03/1100, CO 03/1101, CO 3/1102, CO 04/829 or CO 04/1313;
    - (E) an individual instrument of relief granted by ASIC in terms similar to one of the Class Orders referred to in clause 9(e)(ii)(D); or
    - (F) paragraph 911A(2)(h) of the Corporations Act; or
  - (iii) are otherwise a custodian as defined in Class Order CO 09/425, and that you have provided a Custodian Certificate to CUU;
- (f) you authorise CUU to correct minor errors in your Application Form and to complete the Application Form by inserting any missing minor detail;
- (g) you acknowledge that CUU may determine that your Application Form is valid, in accordance with these Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (h) you accept the risk associated with any refund that may be sent to your address or to your nominated bank account as shown on the CUU security register;
- (i) you are responsible for any dishonour fees or other costs CUU may incur in presenting a cheque for payment that is dishonoured;
- (j) you acknowledge that no interest will be paid on any application monies paid in connection with this SPP and that are held pending the allotment of the New Shares or subsequently refunded to you for any reason;
- (k) you acknowledge that you have not been provided with investment advice or financial product advice by CUU or the Share Registry and that neither of them has any obligation to provide this advice in relation to your consideration as to whether or not to participate in, or the extent of such participation in, the SPP;
- (l) you acknowledge that CUU is not liable for any exercise of its discretions referred to in these Terms and Conditions;
- (m) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities law of any state or other jurisdiction in the United States and, accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (n) you represent and warrant that you are not in the United States, and are not applying under the Offer for or on behalf of a person in the United States;

- (o) you agree not to send any materials relating to the SPP to any person in the United States or any other country outside Australia and New Zealand; and
- (p) if you are a Custodian, you make additional representations that you meet the definition of “custodian” in the Class Order and have provided a Custodian Certificate to CUU.

**10. Waiver, Amendment, Suspension and Withdrawal**

- (a) CUU may, at its discretion, waive compliance with any provision of these Terms and Conditions, amend or vary these Terms and Conditions or suspend or withdraw the offer made under this SPP at any time and in its absolute discretion. Any such waiver, amendment, variation, suspension or withdrawal will be binding on all Eligible Shareholders even where CUU does not give notice of the event. However, the rights of any Shareholder in connection with any New Shares that have been duly issued and allotted to that person prior to the occurrence of any such waiver, amendment, variation, suspension or withdrawal will not be affected as a result of any such occurrence.
- (b) CUU is not liable for any loss, cost, expense, liability or damage arising out of exercise of any of its discretions under these Terms and Conditions.
- (c) If you have any questions in respect of the SPP, please contact the Company Secretary on +61 8 9388 8290.

**11. Rights Attaching**

The rights and obligations of the New Shares are contained in the CUU Constitution. The New Shares will be issued on the same terms as all other Shares and CUU will apply for the New Shares to be quoted on the ASX. If the New Shares are not quoted on the ASX, the New Shares will not be issued and all application monies will be refunded.

**12. Costs of Participation**

No brokerage costs will be payable by Eligible Shareholders in respect of the application for, and allotment of, New Shares.

**13. Privacy**

By receiving completed Application Forms, CUU collects personal information about Shareholders. CUU will use this information for the purposes of processing the Application Form and updating the records of CUU. To the extent restricted by law, CUU will not disclose personal information about a Shareholder to a third party. To the extent permitted by law, Shareholders are able to access, upon request, personal information about them held by CUU.

**14. Dispute Resolution**

CUU may settle in any manner it thinks fit, any difficulties, anomalies or disputes that may arise in connection with or by reason of the operation of the SPP. The decision of CUU will be conclusive and binding on all participants and other persons to whom the determination relates. CUU's rights may be exercised by the Board or any delegate of the Board.

**15. Governing Law**

These Terms and Conditions are governed by the laws in force in V. Any dispute arising out of or in connection with these Terms and Conditions, or the offer of New Shares, will be determined by the courts of Western Australia. By accepting this offer, you agree to submit to the exclusive jurisdiction of the courts in Western Australia.