



24 November 2014

Dear Shareholder,

### NON-RENOUNCEABLE RIGHTS OFFER

On 21 November 2014, Orpheus Energy Limited (ASX:OEG) (**Orpheus** or the **Company**) announced a partially underwritten, non-renounceable pro rata entitlement issue to raise approximately A\$1,120,000 (before costs and expenses of the offer) (**Rights Offer**).

Under the Rights Offer, eligible shareholders who hold Orpheus shares at 5.00pm AEST on the record date of 27 November 2014 (**Record Date**) may subscribe for one (1) fully paid ordinary share in the Company (**New Share**) for every three (3) ordinary shares held on the Record Date, at an issue price of A\$0.02 (2 cents) per New Share (**Price**).

The Rights Offer is being undertaken pursuant to a prospectus issued under section 713 of the Corporations Act (**Prospectus**). Full details of the Rights Offer can be found in the Prospectus and Appendix 3B lodged with the ASX on 21 November 2014. A copy of the Prospectus is available to download from both the ASX website (at [www.asx.com.au](http://www.asx.com.au)) and Orpheus's website (at [www.orpheus.com.au](http://www.orpheus.com.au)).

Eligible shareholders will receive on or around 1 December 2014 a copy of the Prospectus including a personalised Entitlement and Acceptance Form which will provide detailed instructions on how to participate in the Rights Offer.

### Timetable

The anticipated timetable for the Rights Offer is as follows:

Announcement of the Offer	21 November 2014
Prospectus lodged with ASIC and ASX	21 November 2014
Notice sent to Eligible Shareholders with information on the Rights Offer	24 November 2014
Notice sent to Ineligible Shareholders with information on the Rights Offer	24 November 2014
Shares commence trading on an "ex" basis ("ex" date)	25 November 2014
Record Date to determine Entitlements under the Rights Offer	27 November 2014 (5:00pm AEST)
Prospectus and Entitlement and Acceptance Forms dispatched to Eligible Shareholders	1 December 2014

Opening Date of Rights Offer	1 December 2014
Closing Date of Rights Offer	19 December 2014 (5:00pm AEST)
New Shares quoted on a deferred settlement basis	22 December 2014
Expected date of issue of New Shares applied for under the Offer and any Shortfall	30 December 2014
Expected date of dispatch of transaction confirmation statements	31 December 2014
Expected date for commencement of normal trading of New Shares issued under the Offer on the ASX	31 December 2014

This timetable is indicative only. Subject to the ASX Listing Rules and the Corporations Act, the Directors reserve the right to vary the dates for the Rights Offer at their discretion including to extend the Closing Date of the Rights Offer, or to close the Rights Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Rights Offer without notice. Any extension of the Closing Date will have a consequential effect on the anticipated date of issue and normal trading of the New Shares.

### Key information

The key information in connection with the Rights Offer is set out below:

Entitlement	Each eligible shareholder will be entitled to subscribe for one (1) new fully paid ordinary share ( <b>New Share</b> ) for every three (3) ordinary shares held by the eligible shareholder. Any fractional entitlements will be rounded up to the nearest whole number.
Price	The Price represents a:  (a) 9% discount to Orpheus's closing price of \$0.022 on 20 November 2014; and  (b) 23% discount to Orpheus's share price of \$0.026 calculated based on a 3 month volume weighted average price ( <b>VWAP</b> ) ending 20 November 2014, being the last business day before the Prospectus was lodged with the ASX.
Terms of issue of securities	Each New Share will rank equally with and be issued on the same terms as those quoted fully paid ordinary shares already issued by Orpheus. Application for quotation of the New Shares offered under the Rights Offer was made by Orpheus on 21 November 2014.
Record Date	The record date to determine entitlements of eligible shareholders is 5.00pm AEST on 27 November 2014 ( <b>Record Date</b> ).
Shortfall	Eligible shareholders will be able to apply for additional New Shares in excess of their entitlement at the same issue price of A\$0.02 per New Share. Allocation of additional New Shares applied for will be subject to there being a shortfall in subscriptions under the Rights Offer and subject to the Board's discretion.
Non-Renounceable	The Rights Offer is non-renounceable. Accordingly rights will not be tradeable on ASX or otherwise transferrable. Shareholders who do not take up their entitlements in full will not receive any value in respect of that part of their entitlement that they do not take up. Shareholders who are not eligible to receive entitlements will not receive any value in respect of entitlements they would have received had they been eligible.
Eligibility	Only shareholders with registered addresses in Australia or New Zealand as at the Record Date will be eligible to participate in the Rights Offer.  Shares commence trading without the entitlement to participate in the Rights Offer

	on 25 November 2014 (the Ex Date for the Rights Offer, being 4 business days prior to the Record Date).
Partially underwritten	<p>The Rights Offer is underwritten up to A\$181,871, representing approximately 16.21% of the total Rights Offer, by the Directors. The underwriting means that the receipt of the some of funds sought under the Rights Offer can be guaranteed. A\$4.00 is being charged for the underwriting.</p> <p>The Directors have committed to taking up their full Entitlement under the Rights Offer.</p>
Use of Funds Raised	The capital raised from the Rights Offer will be directed towards extinguishing an Orpheus debt, relating to its coal business, working capital (which includes funds required to recover outstanding money owed to Orpheus by Mr Nugroho Suksmanto and PT Mega Coal) and to pay the costs of the Rights Offer.
Maximum number of securities to be issued	<p>A maximum of approximately 56,085,423 New Shares will be issued under the Rights Offer. This number is subject to reconciliation of entitlements and rounding. Based on that number, the maximum number of listed ordinary shares on issue following the Rights Offer will be approximately 224,341,694.</p> <p>Fractional entitlements under the Rights Offer will be rounded up to the nearest whole number</p>
Dividend Policy	Orpheus does not have a dividend policy and does not intend to declare a dividend in the near future.
Shareholder approval	No shareholder approval will be required for the Rights Offer.
Disclosure	The Rights Offer is being made in accordance with section 713 of the <i>Corporations Act 2001</i> with a prospectus.

If you are eligible and wish to participate in the Rights Offer, it will be necessary for you to complete and return the personalised Entitlement and Acceptance Form that will accompany the Prospectus in accordance with the instructions on that form. The Prospectus and Entitlement and Acceptance Form are expected to be sent to eligible shareholders on 1 December 2014

If you have any queries about the Rights Offer, please contact your stockbroker or other professional adviser or the Company's Share Registry, Boardroom Pty Limited, on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

For and on behalf of  
Orpheus Energy Limited



Wayne Mitchell  
Executive Chairman  
Orpheus Energy Limited