

# **ORD RIVER RESOURCES LIMITED**

ACN 108 737 711

## **OFFER MEMORANDUM RIGHTS ISSUE**

For a renounceable pro rata offer of New Shares at an issue price of 4.5 cents each on the basis of 1 New Share for every 3 Shares held at the Record Date plus an invitation to apply for Additional Shares to raise approximately \$4.95 million before costs.

Lead Manager and Underwriter  
Patersons Securities Limited ACN 008 896 311 (AFS Licence No. 239052)

This Offer opens on Tuesday, 1 December 2009 and closes at 5:00pm (Sydney time) on Tuesday, 15 December 2009. Valid acceptances must be received before that time.

**17 November 2009**

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THIS IS AN IMPORTANT DOCUMENT

IF YOU DO NOT UNDERSTAND THIS DOCUMENT, OR ARE IN DOUBT AS TO  
HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER  
PROFESSIONAL ADVISER

## **Contents**

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Important Information .....	1
Letter from the Managing Director .....	3
1. Details of the Offer .....	4
2. Impact of the Offer on your shareholding .....	10
3. Effects of the Offer on control of the Company .....	11
4. Your options in respect of the Offer .....	12
5. Highlights Ord's projects .....	15
6. Risk factors .....	17
7. Additional information .....	21
8. Glossary of defined terms .....	25
Corporate Directory .....	27

## **Important Information**

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### **Investment decision**

This Offer Memorandum is not a prospectus and does not contain all the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Memorandum contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Memorandum, you should consult your professional adviser as soon as possible.

### **Publicly available information**

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Offer Memorandum and do not constitute part of the Offer. This Offer Memorandum is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to other publicly available information in relation to the Company before making a decision whether or not to invest in New Shares or the Company.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Offer Memorandum. Any such extraneous information or representation may not be relied upon.

### **Underwriter**

The Underwriter, Patersons Securities Limited ACN 008 896 311, has not authorised, permitted or caused the issue, lodgement, submission, dispatch or supply of this Offer Memorandum. The Underwriter does not make, or purport to make, any statement in this Offer Memorandum, and there is no statement in this Offer Memorandum which is based on any statement by the Underwriter. To the maximum extent permitted by law, the Underwriter expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any part of this Offer Memorandum.

### **Forward-looking statements**

This Offer Memorandum includes forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

### **Accepting the Offer**

Applications for New Shares by Eligible Shareholders may only be made on an original Entitlement and Acceptance Form, accompanying this Offer Memorandum. The Entitlement and Acceptance Form sets out the Entitlement of an Eligible Shareholder to participate in

the Offer. Please read the instructions in this Offer Memorandum and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement. By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Memorandum, you have acted in accordance with the terms of the Offer detailed in this Offer Memorandum and you agree to all of the terms and conditions as detailed in this Offer Memorandum.

**Defined terms**

Capitalised terms and certain other terms used in this Offer Memorandum are defined in the Glossary of defined terms in Section 7.

**Currency**

All references in this Offer Memorandum to "\$", "AUD" or "dollar" are references to Australian currency unless otherwise indicated.

**Reference to time**

All references in this document to time relate to the time in Sydney, New South Wales.

## **Letter from the Managing Director**

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18 November 2009

Dear Shareholder

We are pleased to offer you a new opportunity to add to your shareholding in Ord River Resources Limited (the Company) as the Company enters an exciting time in its development.

The Rights Issue offer (enclosed) is a renounceable pro rata rights issue to Eligible Shareholders on the basis of one New Share for every three Shares held on the Record Date, at a price of 4.5 cents per New Share. There is also an opportunity for Eligible Shareholders to apply for Additional Shares in excess of their Entitlement.

The issue will raise approximately \$4.95 million before costs of the Rights Issue. These funds will be used to pay for exploration and feasibility costs in relation to the Company's exploration projects, costs of the issue and general working capital.

The offer is fully underwritten by Patersons Securities Limited.

Since late March 2009 the Company has restructured its executive management team and the board including myself as your new Managing Director. The Company is advancing its existing projects. In Laos the Company is working closely with its joint venture partner China Nonferrous Metal Group undertaking a feasibility study with a view to possibly building a world class alumina refinery. The Company is also planning to explore and drill at its copper project Copper Flats in WA and gold projects Suplejack in NT and West Wyalong in NSW. Future acquisition of production and close-to-production assets is a core part of the Company's growth strategy. We are excited by these prospects and opportunities and are confident our strategy can deliver value to our shareholders.

We encourage you to read all the information enclosed with this letter in relation to the Rights Issue. If you have any questions, please consult your financial or other professional adviser.

We look forward to your continued support of the Company.

Yours sincerely

Peter Shou  
Managing Director

# **1. Details of the Offer**

## **1.1 The Offer**

Ord River Resources Limited ACN 108 737 711 (**Ord** or **Company**) is making a fully underwritten, renounceable pro rata offer (**Offer**) of fully paid ordinary shares in the capital of the Company (**New Shares**) to Eligible Shareholders. Eligible Shareholders will be entitled to apply for 1 New Share for every 3 Shares held as at the Record Date at an issue price of 4.5 cents per New Share.

There is also an opportunity for Eligible Shareholders to apply for Additional Shares in excess of their Entitlement.

The issue price represents a 39% discount to the volume weighted average sale price of Ord Shares on the ASX over the 30 ASX trading days prior to 13 November 2009 when Ord's Shares were placed in a trading halt on ASX pending Ord's announcement of this Offer. The issue price also represents a 32% discount to Ord's closing price for Shares on ASX on 12 November 2009.

The issue price is payable in full on application.

As at the Record Date, the Company has on issue 329,751,976 Shares and 82,762,516 options. The Company expects that 109,917,325 New Shares will be issued under the Offer (assuming no options are exercised), raising approximately \$4.95 million before costs.

The Offer is fully underwritten by Patersons Securities Limited. Further details of underwriting arrangements are set out in Sections 1.10 and 7 of this Offer Memorandum.

The number of New Shares to which you are entitled is shown on the Entitlement and Acceptance Form which accompanies this Offer Memorandum. 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.

Ord optionholders also have an opportunity to participate in the Offer, provided that if they elect to exercise their options they do so and become the registered holders of Shares in respect of the exercised options by 5.00pm (Sydney time) on the Record Date.

New Shares will be fully paid and will rank equally in all respects with the Company's existing issued Shares, including as to dividends and voting rights.

This Offer Memorandum is issued pursuant to section 708AA of the Corporations Act for the offer of New Shares without disclosure to investors (e.g. a prospectus) under Part 6D.2 of the Corporations Act. This Offer Memorandum was lodged with the ASX on 17 November 2009. ASX takes no responsibility for the content of this Offer Memorandum.

## 1.2 Timetable

EVENT	DATE (2009)
Announce rights issue to ASX & lodge App3B	Tuesday, 17 November
Despatch rights issue notice, App 3B information and timetable to shareholders	Wednesday, 18 November
Ex date – Rights trading commences	Friday, 20 November
Record date	Thursday, 26 November
Despatch offer documents to shareholders and inform ASX of despatch	Friday, 27 November
Offer opening date	Tuesday, 1 December
Rights trading closes	Tuesday, 8 December
Deferred settlement trading commences	Wednesday, 9 December
Offer closing date	Tuesday, 15 December
Shortfall notification to ASX	Thursday, 17 December
Shortfall settled	Friday, 18 December
Deferred settlement trading ends and allotment to shareholders	Friday, 18 December

The above dates are indicative only and may be subject to change. Ord reserves the right to vary these dates, including the Closing Date, without prior notice but subject to any applicable requirements of the Corporations Act or the Listing Rules. This may include extending the Offer or accepting late acceptances, either generally or in particular cases.

## 1.3 Entitlement and eligibility

Each Eligible Shareholder who is registered as the holder of Shares at 5:00pm (Sydney time) on the Record Date is entitled to participate in the Offer. The number of New Shares under your Entitlement is shown on your Entitlement and Acceptance Form accompanying this Offer Memorandum.

You may accept for all or only part of your Entitlement. You may also apply for Additional Shares – see Section 1.4.

If you decide not to accept all or part of your Entitlement or fail to do so by the Closing Date, your rights to participate in the Offer will lapse and the New Shares not taken up by you will form part of the Shortfall. As a result of this Offer, Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted.

Ord reserves the right (in its sole discretion) to:

- reject any application that it believes comes from a person who is not an Eligible Shareholder or valid transferee of Rights; and
- reduce the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their claim to be entitled to participate in the Offer proves to be false, exaggerated or unsubstantiated.

Ord reserves the right not to proceed with the whole or any part of the Offer at any time prior to the allotment of New Shares. In that event, relevant Application Moneys will be refunded without interest.

## **1.4 Additional Shares**

Eligible Shareholders may also apply for more than their Entitlement, such Additional Shares to be issued from any Shortfall under the Offer. To apply for Additional Shares please complete the 'Additional Shares' section on the Entitlement and Acceptance Form.

Applications for Additional Shares must be for a minimum of 50,000 Additional Shares or \$2,250.

The Company in its sole discretion reserves the right to scale back or reduce to zero the number of Additional Shares to be issued to any Eligible Shareholder. Additional Shares will not be issued to Eligible Shareholders where to do so would involve a breach of the Listing Rules or any applicable law.

It is a term of the Offer that Applicants are bound to accept a lesser number of Additional Shares allotted to them than applied for and Applicants shall be bound to accept a refund of Application Moneys in respect of the number of Additional Shares for which they applied. No interest will be paid on any money refunded to Applicants in these circumstances.

## **1.5 Renounceable offer- rights trading**

The Offer is renounceable. This means that if you are an Eligible Shareholder who does not intend to subscribe for some or all of our Rights you may sell those Rights on the ASX from 20 November 2009 until the close of ASX trading on 8 December 2009. There is no assurance that you will be able to sell your Rights on ASX or that your Rights will sell for no less than or in excess of any price – see further Section 4.5.

## **1.6 Entitlement and Acceptance Form**

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated by the Company as valid. The Company's decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

## **1.7 Issue of New Shares and dispatch of holding statements**

New Shares offered by this Offer Memorandum are expected to be issued, and holding statements dispatched, on the date specified in the timetable in Section 1.2 of this Offer Memorandum. No issue of New Shares will be made until ASX grants permission for quotation of the New Shares.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. The sale by the Applicant of New Shares prior to the receipt of a holding statement is at the Applicant's own risk.

Eligible Shareholders who wish to trade New Shares obtained under the Offer should contact the Share Registry to ascertain their allocation before



trading.

## **1.8 Use of proceeds of the Offer**

Ord intends to apply the funds to:

Copper Flats Exploration Program \$3,000,000\*

Suplejack Exploration Work \$500,000\*

Laos Mining JV Feasibility Study \$500,000\*

The remaining capital raised by Ord will be used for general working capital purposes and payment of costs associated with the Offer.

\* These amounts are indicative only.

## **1.9 ASX announcements**

The Company is listed on ASX and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise as well as the lodgement of yearly and half-yearly financial statements, audit or review reports and quarterly reports.

The Company has recently lodged a number of announcements with ASX including its Quarterly Cash Flow and Activities Reports for the period ending 30 September 2009. The Company lodged its Full Year Statutory Accounts with ASX on 30 September 2009.

These announcements are available for inspection at ASX and may be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au) or on the Company's website at [www.ord.com.au](http://www.ord.com.au). From time to time, the Company makes announcements in respect of various matters. Shareholders are encouraged to refer to the Company's website and the ASX website to ensure they are kept fully informed.

## **1.10 Underwriting and sub-underwriting**

The Offer is, subject to certain terms and conditions, fully underwritten by Patersons Securities Limited. Any New Shares which are not subscribed for by Eligible Shareholders will form part of the Shortfall to be taken up by the Underwriter pursuant to the Underwriting Agreement or the various sub-underwriters or allocated to Eligible Shareholders applying for Additional Shares.

The Underwriter is entitled to an underwriting commission of up to 6.5% calculated on the total funds raised under the Offer and a lead manager fee of \$25,000. Additionally, the Company must pay or reimburse the Underwriter for its reasonable costs and expenses in relation to the Offer.

The Underwriter may appoint sub-underwriters to sub-underwrite the Offer. The Underwriter is responsible for paying all fees and commissions due to sub-underwriters and brokers appointed by the Underwriter in respect of the underwriting of the Offer.

### **1.11 ASX quotation**

Ord will apply for official quotation of the New Shares on ASX. Subject to approval, it is expected that normal trading of New Shares issued under the Offer will commence on Monday 21 December 2009.

### **1.12 Brokerage**

No Eligible Shareholder will pay brokerage as a subscriber for New Shares under the Offer.

### **1.13 Application Moneys**

Application Moneys will be held in a trust account until the New Shares are issued to Eligible Shareholders.

The trust account established by Ord for this purpose will be used for handling Application Moneys.

Any interest earned on Application Moneys will be for the benefit of, and remains the sole property of, Ord and will be retained by Ord whether or not the issue of New Shares takes place.

Applications and payments made under the Rights Issue may not be withdrawn once they have been received by Ord.

### **1.14 Overseas Shareholders**

The Company will not make an Offer to Excluded Shareholders, being those Shareholders with a registered address outside Australia and New Zealand (**Eligible Jurisdictions**). The Company has decided that it is unreasonable to extend the Offer to Excluded Shareholders having regard to:

- (a) the number of Shareholders outside the Eligible Jurisdictions;
- (b) the number and value of New Shares that would be offered to Shareholders outside the Eligible Jurisdictions; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any Eligible Shareholder is holding Shares on behalf of persons who are resident outside the Eligible Jurisdictions (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares. Any Eligible Shareholders holding Shares on behalf of persons who are resident outside Eligible Jurisdictions are responsible for ensuring that any dealing with New Shares issued under the Offer does not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the exercise of Entitlements or the distribution of this Offer Memorandum including the Entitlement and Acceptance Form.

This Offer Memorandum does not, and is not intended to, constitute an offer or invitation in any place or jurisdiction in which, or to any person to

whom, it would not be lawful to make such an offer or invitation. No offer is being made to Shareholders with a registered address outside Australia or New Zealand. The distribution of this Offer Memorandum and the Entitlement and Acceptance Form (including electronic copies) outside Australia and New Zealand may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## 2. Impact of the Offer on your shareholding

Based on Ord's issued share capital as at the date of this Offer Memorandum, the issued share capital of Ord following completion of the Offer will be as follows (excluding options, actual numbers may differ due to rounding):

<b>Shares</b>	<b>Number</b>
Shares on issue at the Record Date*	329,751,976
Maximum New Shares offered under the Rights Issue *	109,917,325
Total Shares on issue at completion of Rights Issue *	439,669,301

\* Assuming no options (listed below) are exercised.

No new options will be issued under the Offer. The Company currently has the following options on issue:

<b>Class of options</b>	<b>Number</b>
Options expiring 12 December 2009 (exercisable @ \$0.65)	38,877,146
Incentive Options expiring 30 September 2011 (exercisable @ \$0.40)	17,000,000
Consultant Options D expiring 5 August 2010 (exercisable @\$1.00)	2,000,000
Options B expiring 12 December 2009 (exercisable @\$0.75)	8,000,000
Broker Options expiring 3 September 2010 (exercisable @ \$0.20)	750,000
Options E expiring 31 December 2010 (exercisable @ \$0.05)	9,650,000
Options F expiring 31 March 2012 (exercisable @ \$0.05)	5,202,000
Options G expiring 31 March 2012 (exercisable @ \$0.075)	1,283,371
<b>Total issued Options</b>	<b>82,762,516</b>

If you do not take up your Entitlement under the Offer, your percentage shareholding in Ord will be diluted.

### **3. Effects of the Offer on control of Ord**

If all Eligible Shareholders take up in full their Entitlements to New Shares then 109,917,325 New Shares will be issued by Ord but the Rights Issue will have no effect on the control of Ord.\*

If some Eligible Shareholders do not take up all their entitlement under the Rights Issue, then the shareholding interests of those Eligible Shareholders in Ord will be diluted and New Shares representing entitlements that are not exercised (i.e. the Shortfall) may be dealt with by Eligible Shareholders applying for such New Shares as Additional Shares or under the underwriting/sub-underwriting arrangements.

The proportional interest of overseas shareholders excluded from the offer may be diluted because such shareholders are not entitled to participate in the Offer.

Patersons has entered into various sub-underwriting arrangements with other parties in relation to subscribing for any shortfall of New Shares arising from the Rights Issue.

However none of the abovementioned circumstances is expected to have any effect or material effect on the control of Ord.

\*It is assumed that no Ord optionholder exercises any of his or her options to acquire ordinary shares in Ord before the Record Date so as to participate in the Rights Issue.

## **4. Your options in respect of the Offer**

### **4.1 Your Entitlement**

As an Eligible Shareholder, your Entitlement is shown on the Entitlement and Acceptance Form that accompanies this Offer Memorandum and has been calculated as 1 New Share for every 3 Shares you held as at 5:00pm (Sydney time) on the Record Date, rounded up to the nearest whole New Share.

### **4.2 Your options**

As an Eligible Shareholder you may:

- take up some or all of your Entitlement; or
- take up your Entitlement and apply for Additional Shares; or
- do nothing and allow your Entitlement to lapse; or
- sell and transfer your Entitlement

### **4.3 Take up your Entitlement and, if applicable, apply for Additional Shares**

If you want to take up all or part of your Entitlement, and if applicable, apply for Additional Shares:

- you must complete and return the Entitlement and Acceptance Form with Application Moneys pursuant to the instructions that are set out on the Entitlement and Acceptance Form accompanying this Offer Memorandum;  
OR
- if you have an Australian financial institution account that supports BPAY®, by paying by BPAY®, before 5:00pm (Sydney time) on the Closing Date. You do not need to complete and submit your Entitlement and Acceptance Form in those circumstances. Please ensure you quote the Biller Code and your unique Reference Number (see Section 4.6(b) for further details regarding Acceptance and payment by BPAY®).

Ord will treat you as applying for as many New Shares (and if applicable, Additional Shares in that order) as your payment will pay for in full.

### **4.4 Doing nothing in respect of the Offer**

If you do nothing, your Entitlement will lapse (assuming you do not sell or transfer your Entitlement). Although you will continue to own the same number of Shares in Ord, your percentage shareholding in Ord will be diluted.

### **4.5 Sell and Transfer your Entitlement**

The Offer is renounceable. This means that if you are an Eligible Shareholder who does not intend to subscribe for some or all of our Rights you may sell those Rights on the ASX from 20 November 2009 until the close of ASX trading on 8 December 2009. There is no assurance that you will be able to sell your Rights on ASX or that your Rights will sell for no less than or in excess of any price.

To sell any of your Rights on the ASX you must provide appropriate instructions and information to your sharebroker.

If you wish to transfer some or all of your Rights to a person, other than by trading on the ASX, you must complete a standard renunciation form (available from your sharebroker) and lodge it with your sharebroker together with the applicable transferee's cheque for the acceptance money.

Any New Shares not subscribed for pursuant to an exercise of Rights will form part of the Shortfall and will be subscribed for by the Underwriter pursuant to the Underwriting Agreement or the sub-underwriters or issued to other Eligible Shareholders who have applied for Additional Shares.

#### **4.6 Method of payment**

Cash payments will not be accepted.

The method of taking up the Offer will depend on your method of payment, being only:

##### **(a) Payment by cheque**

Should you wish to pay by cheque you should complete your Entitlement and Acceptance Form in accordance with the instructions set out on that form and return the form accompanied by a cheque or money order:

- in Australian currency, drawn on an Australian branch of a financial institution;
- for an amount equal to 4.5 cents multiplied by the number of New Shares and, if applicable, Additional Shares that you are applying for; and
- made payable to "Ord River Resources Limited - Entitlement Offer Account" and crossed "Not Negotiable".

Receipts for payment will not be issued. If your cheque is dishonoured, your application will be rejected.

Your completed Entitlement and Acceptance Form, together with your Application Moneys, should be mailed using the reply paid or self addressed envelope provided with this Offer Memorandum, to:

Ord River Resources Limited – Entitlement Offer Account  
c/- Registries Ltd  
GPO Box 3993  
Sydney NSW 2001

##### **(b) Payment by BPAY®**

If you wish to pay by BPAY® (only available to Eligible Shareholders who hold an account with an Australian financial institution that supports BPAY®):

- please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). Your BPAY® payment must be received by no later than 5:00pm (Sydney time) on the Closing Date. Applicants should be aware that their own financial institution may impose earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the

applicant to ensure that funds submitted through BPAY® are received by this time; and

- for payment by BPAY®, you do not need to submit your Entitlement and Acceptance Form- by making a payment through BPAY® you will be taken to have made the declarations set out in the Entitlement and Acceptance Form.

Any Application Moneys received for more than your final allocation of New Shares will be refunded. No interest will be paid on any Application Moneys received or refunded.

#### **4.7 Enquiries concerning your Entitlement**

If you have any queries concerning your Entitlement, please contact Ord's Share Registry using the details below:

Registries Ltd  
Telephone: 618 (02) 9290 9600

Alternatively, consult your stockbroker or other professional adviser.



## 5. Summary of Projects

### Business Profile

Ord is a minerals exploration and development company with projects in copper, bauxite and gold. Ord was established as a private company in 2004 and listed on the ASX in 2005. It is headquartered in Sydney Australia. Ord specialises in exploring for base metals and gold and has the following projects:

#### **Aluminium: Lao Bauxite Project**

Ord is a 49% shareholder in a joint venture (**JV**) company called SARCO with NFC (51%), a large Chinese mining company and a subsidiary of China Nonferrous Metal Group (CNMC). NFC is the operator of SARCO. SARCO was formed in 2006 and has two separate agreements with LSI and Yuqida who are the survey licence holders in Laos for two bauxite tenements. Under those agreements, SARCO has invested in exploration activities with a JORC compliant indicated resource of 130 million tons of bauxite over the two tenements.

On or about 30 October 2009, SARCO signed a new mining JV agreement with LSI, one of the two tenement holders regarding the feasibility and development of a mine and an alumina refinery in relation to the LSI tenement. SARCO has 51% of the JV with LSI and is the operator.

An investment decision will be reached within 18 months from now and subject to the results of the feasibility studies and relevant government approvals, SARCO and its Lao partners propose to commence the development of the mine and the construction of a 600,000 tonnes per annum alumina refinery. SARCO intends to combine the resources in both tenements to support a large alumina refinery in Laos. If economic conditions permit the refinery could be expanded to 1,800,000 tonnes per annum in the future.

Under its agreement with Yuqida, SARCO has earned a 35% interest and is in the process of receiving its interest in the tenement held by Yuqida.

#### **Copper: Copper Flats Project in WA**

Ord together with its wholly owned subsidiary, Nicholson East Pty Ltd, own several large tenements in WA and are exploring for copper. Copper Flats was the founding asset when Ord listed on the ASX. Ord now has over 4,000 square kilometres in these tenements. Since inception, Ord has invested in several exploration programs. The new leadership team at Ord since March 2009 has reviewed and commissioned an independent consultant to assess the project. In July and August 2009, Ord conducted an extensive airborne magnetic survey. Ord's technical advisor has analysed the data and designed the following exploration program:

- Stage One:
  - Preliminary MLEM traverses across key areas to sample the EM responses
  - Detailed geological mapping and sampling of the key areas
- Stage Two:
  - Detailed MLEM over key areas
  - Data processing, interpretation and reporting
- Stage Three:
  - Follow-up RC testing to 200m of selected targets
  - Will require machine clearance of access tracks for heavy drill equipment
  - Sampling and assaying
  - Reporting

Ord is also assessing potential strategic options to create more value in Copper Flats. One option is a farm-in arrangement with a larger and better resourced mining entity. This will help expand the project by attracting third party funding and expertise. Peter Shou, Managing Director is personally leading the project team for Copper Flats.

#### **Gold: Suplejack, NT**

Suplejack is a gold exploration project in the Northern Territory (NT) and is 100% owned and operated by Suplejack Pty Ltd, a wholly owned subsidiary of Ord. An independent review by a consultant geologist conducted in October 2009 concluded that although Suplejack is very prospective more work should be carried out to explore its potential. Ord is examining strategic options for Suplejack. There are several small to large sized gold explorers and producers in NT. A strategic alliance is a logical solution available to Ord. Ord's technical advisor is heading this process.

#### **Gold: West Wyalong, NSW**

In September 2009, Coolan Yard Pty Ltd, wholly owned subsidiary of Ord was granted the exploration licence for this New South Wales project. West Wyalong is a prospective area for gold exploration. Ord is still in its early stages of finalising a work program for West Wyalong and may seek to work closely with a partner to develop West Wyalong.

#### **Seeking New Production and Near Production Projects**

Ord is actively looking for new large scale mining projects in Australia and overseas that are in production or close to production. Ord will seek to acquire an interest outright and explore forming a consortium to acquire a controlling interest in such projects. It is Ord's intention to operate and manage the projects.

## **6. Risk factors**

### **6.1 Introduction**

Activities by the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance.

Prior to deciding whether to take up their Entitlement, Shareholders should read the entire Offer Memorandum and review announcements made by the Company to ASX (at [www.asx.com.au](http://www.asx.com.au) under the code ORD) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

An investment in New Shares should be considered speculative. The Company is presently not earning any revenue from mining or mining related activities. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

Shareholders should also consider the risk factors set out below which Ord believes represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company. The following risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

### **6.2 Specific risks**

The following risks have been identified as being key risks specific to an investment in Ord.

- **Country risk**

The Company has projects located in Laos held through SARCO. There can be no assurance that the systems of government and the political systems in overseas countries will remain stable. There can be no assurance that government regulations relating to foreign investment, repatriation of foreign currency, taxation and the mining industry in these countries will not be amended or replaced in the future to the detriment of the Company's business and/or projects. The Company is unaware of any such proposals as at the date of this Offer Memorandum.

- **Mining industry risks**

Mineral exploration and mining may be hampered by circumstances beyond the control of the Company and are speculative operations which by their nature subject to a number of inherent risks, including the following:

#### **Exploration risks**

The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

## **Resource estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made, but may change significantly when new information becomes available.

There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.

## **Regulatory and co-operation requirement**

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Company's.

## **Native title and title risks**

The effect of the present laws in respect of native title that apply in Australia is that mining tenement application and project development may be affected by native title claims or procedures. This may preclude or delay granting of permits to explore or mine on some tenements. The presence of Aboriginal sacred sites on tenements held by the Company may limit or preclude exploration or mining activity within the sphere of influence of those sites and delays and expenses may be incurred in obtaining clearances.

Land access has been negotiated with land owners on a majority of the project areas in Australia. Access to the other project areas will have to be negotiated with other land owners and/or government authorities.

Interests in tenements in Australia and Laos are governed by legislation in their respective jurisdictions and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

## **Future capital requirements**

The Company's ongoing activities may require substantial further financing in the future for its business activities, in addition to amounts raised pursuant to this Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Offer price) or may involve restrictive covenants which limit the Company's operations and business strategy.

Although the Company believes that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

## **Environmental risks**

The operations and activities of the Company in Australia are subject to State and Federal laws and regulation concerning the environment. The Company also has operations and activities in Laos which are subject to Laos environmental laws and regulations. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

## **Joint venture parties, agents and contractors**

There is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party (for example, its Laos projects) or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

## **Commodity prices**

Commodity prices inherently fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for particular commodities, forward selling by producers and the level of production costs in major commodity-producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, a commodity.

- **Competition**

The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

- **Key personnel**

Recruiting and retaining qualified personnel are important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong.

- **Other**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

## **6.3 General investment risks**

- **Stock market conditions**

As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below

or above the issue price for the New Shares.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity process, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

- **Liquidity risk**

There can be no assurance that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.

- **Securities investment risk**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

## **7. Additional information**

### **7.1 Summary of Underwriting Agreement**

On November 2009, the Company entered into an underwriting agreement with the Underwriter whereby the Company engaged the Underwriter to fully underwrite the Offer (**Underwritten Amount**).

Unless otherwise defined in this Offer Memorandum, capitalised terms in this Section have the meaning as defined in the Underwriting Agreement.

The Underwriter will receive:

- a lead manager fee of \$25,000; and
- an underwriting fee of up to 4.0% of the Underwritten Amount (being \$198,570 approximately); and
- a base fee of up to 2.5% on the issue proceeds from the Offer from whatever source (being \$122,500 approximately).

The Underwriter will also be reimbursed all reasonable costs, professional fees and expenses incurred by the Underwriter in connection with the Offer.

In addition to the fees specified above, the Company must pay and will indemnify the Underwriter against, and in relation to, all costs and expenses of the Offer provided that the Underwriter must seek the approval of the Company before incurring any expense that exceeds \$2,000.

The obligations of the Underwriter under the Underwriting Agreement are conditional on a legal sign off letter being provided to the Company by the Company's solicitors, to the reasonable satisfaction of the Underwriter, and addressed to be for the benefit of the Underwriter, by the Lodgement Date which confirms that the Offer may be made without disclosure under Chapter 6D.2 of the Corporations Act and otherwise complies with the Constitution of the Company, the Corporations Act, the Listing Rules and any other relevant legislation and policy:

The Company makes certain representations, warranties and undertakings to the Underwriter, including the following:

- no circumstances exist which may constitute a material breach of a provision of any material agreement binding on any Relevant Company;
- legal compliance of the Rights Issue Documentation and the Offer with the Corporations Act amongst other laws and regulations;
- each Relevant Company holds all licences, permits, authorisations and consents required for the conduct of its business and (after having made all due and proper enquiries) all of those licences, permits, authorisations and consents are in full force and effect and not liable to be revoked or reviewed; and
- the Company has made available to the Underwriter all material information about the Offer.

For three months after the date of issue of the New Shares, the Company is committed

under the Underwriting Agreement to a number of restraints affecting its capital and operating base including restraints whereby it must not without the prior written approval of the Underwriter issue any securities or alter its capital structure; dispose or agree to dispose of the whole or a substantial part of its business or property, or charge or agree to charge the whole or substantial part of its business or property except as otherwise disclosed to the Underwriter or ASX prior to the date of the Underwriting Agreement.

The Company agrees to indemnify the Underwriter and its related bodies corporate and its officers, employees, agents and advisers in a range of circumstances associated with the Offer and the Offer Memorandum.

The Underwriter may elect to terminate its obligations under the Underwriting Agreement by notice in writing to the Company, without cost or liability to the Underwriter, immediately, if prior to Completion of the Offer:

- (a) **(Change to Share terms and constituent documents)**: the terms of the Shares or any other securities of the Company or the constitution of the Company are modified or repealed or the Company proposes any such modification or repeal;
- (b) **(Offer Documents misleading)**: there is any:
  - (i) information in the Offer Document (including the Cleansing Statement and Appendix 3B) which is untrue, incorrect or misleading; or
  - (ii) omission from the Offer Document (including the Cleansing Statement and Appendix 3B);

which in the reasonable opinion of the Underwriter has or is likely to have a Material Adverse Effect;

- (c) **(Default)**: the Company breaches the Underwriting Agreement and fails to remedy the breach to the reasonable satisfaction of the Underwriter or any warranty or representation by the Company under the Underwriting Agreement becomes untrue;
- (d) **(Material change)**: a change occurs after the date of the Underwriting Agreement affecting or relating to the Company or a Subsidiary which in the reasonable opinion of the Underwriter has or is likely to have a Material Adverse Effect;
- (e) **(Contravention)**: the Company contravenes:
  - (i) any law, regulation, authorisation, ruling, consent, judgment, order or decree of any Government Agency;
  - (ii) its constitution or another constituent document;
  - (iii) the Listing Rules; or
  - (iv) an Encumbrance or document which is binding on:
    - (A) the Company or a Subsidiary; or
    - (B) and asset of the Company or a Subsidiary,

which in the reasonable opinion of the Underwriter has or is likely to have a



Material Adverse Effect.

- (f) **(ASX)**: Approval by ASX to the quotation of New Shares is not given by the Shortfall Notification Deadline Date (expected to be 5:00pm (Sydney time) on 17 December 2009), or ASX refuses or withdraws its approval;
- (g) **(Insolvency Event)**: an Insolvency Event occurs in relation to the Company or a Subsidiary;
- (h) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs in relation to the Company or a Subsidiary;
- (i) **(Market movement)**: the All Ordinaries Index published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its level as at the close of trading immediately preceding the date of the Underwriting Agreement;
- (j) **(Officers and senior managers)**: after the date of the Underwriting Agreement an officer or senior manager of the Company or a Subsidiary resigns or is removed from office, is charged with or convicted of a criminal offence or becomes a bankrupt, or steps are taken to achieve such an outcome;
- (k) **(Timetable not met)**: any event specified in the Timetable does not occur within 14 days after the date specified for that event;
- (l) **(Shares)**: any securities that have been issued by the Company which at the date of the Underwriting Agreement are officially quoted on the ASX are suspended from quotation and that suspension is not lifted within 2 Business Days.
- (m) **(Statement of ASX)**: the ASX states that Official Quotation of the Underwritten Shares is or will be granted conditionally;
- (n) **(Conduct defective)**: any of the making of the Offer, the issue of the Offer Document (including the Cleansing Statement and Appendix 3B) or the distribution of the Offer Document (including the Cleansing Statement and Appendix 3B) constitutes misleading or deceptive conduct;

## **7.2 Sub-underwriting arrangements**

As noted in Section 1 above, the Underwriter has entered into sub-underwriting arrangements with various parties. Sub-underwriting commission is payable by the Underwriter out of the fees it receives from the Company under the Underwriting Agreement.

## **7.3 Fractional Entitlements**

Where fractions arise in the calculation of your Entitlement, the fraction will be rounded up to the next whole number of New Shares. If you have more than one holding of Shares you will be sent more than one Offer Memorandum and you will have separate Entitlements for each holding.

## **7.4 Tax**

Taxation implications will vary depending upon the individual circumstances of Eligible Shareholders. Ord and its officers do not accept any responsibility or liability for any taxation consequences of Eligible Shareholders subscribing for and disposing of New Shares.

You should obtain your independent taxation advice before deciding whether to invest in New Shares.

## **7.5 Privacy**

The Entitlement and Acceptance Form requires you to provide information that may be personal information for the purposes of the *Privacy Act 1988* (Cth). The Company (and the Share Registry on its behalf) collects, holds and uses personal information in order to assess applications for New Shares, service the needs of Shareholders, provide facilities and services and to administer the Company.

Access to information may also be provided to the Company's Related Bodies Corporate (as that term is defined in the Corporations Act), agents and service providers, regulatory bodies, mail houses and the Share Registry.

If you do not provide the information requested of you in the Entitlement and Acceptance Form, the Share Registry will not be able to process your application for New Shares or administer your holding of Shares appropriately.

## **7.6 Governing law**

The Offer Document, the Offer and the contracts formed on return of the Entitlement and Acceptance Form are governed by the laws applicable in New South Wales, Australia. Each Shareholder who applies for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

## 8. Glossary of defined terms

In this Offer Memorandum, the following terms have the following meaning unless the context requires otherwise:

<b>Additional Shares</b>	New Shares forming part or all of the Shortfall and in respect of which an Eligible Shareholder may apply to be issued to such Eligible Shareholder under this Offer.
<b>Applicant</b>	A person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form.
<b>Application Moneys</b>	The aggregate amount of money payable for New Shares applied for in a duly completed Entitlement and Acceptance Form.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.
<b>Closing Date</b>	The last day for payment and return of Entitlement and Acceptance Forms, being 5:00pm (Sydney time) on 15 December 2009 (unless extended).
<b>Company</b>	Ord River Resources Ltd ACN 108 737 711
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Entitlement and Acceptance Form</b>	The Entitlement and Acceptance Form accompanying this Offer Memorandum.
<b>Eligible Jurisdictions</b>	Australia and New Zealand
<b>Eligible Shareholder</b>	<p>A Shareholder who:</p> <ul style="list-style-type: none"><li>• is a registered holder of Shares; and</li><li>• has a registered address in Australia or New Zealand</li></ul> <p>as shown in Ord's Share Registry, at 5:00pm (Sydney time) on the Record Date.</p>
<b>Entitlement</b>	The number of Shares that a Shareholder is entitled to apply for under the Offer, as determined by the number of Shares held by that Shareholder at the Record Date.
<b>Excluded Shareholder</b>	A Shareholder as at the Record Date whose registered address is not situated in an Eligible Jurisdiction.
<b>Listing Rules</b>	The official listing rules of ASX.
<b>LSI</b>	Sahabolisat Lao Bali Karn Ltd a company incorporated in Laos PDR.
<b>New Share</b>	A new ordinary share in Ord to be issued fully paid under the Offer.
<b>NFC</b>	China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd a company controlled by CNMC and listed on Shenzhen Stock Exchange.
<b>Offer</b>	The offer of New Shares under the Rights Issue.
<b>Offer Memorandum</b>	This document, including the Entitlement and Acceptance Form.

<b>Ord</b>	Ord River Resources Ltd ACN 108 737 711
<b>Record Date</b>	5:00pm (Sydney time) on 26 November 2009 or such other date as may be determined by the Directors.
<b>Right</b>	A right under the Rights Issue to apply for 1 New Share for every 3 Shares held at the Record Date.
<b>Rights Issue</b>	A renounceable pro rata offer to Eligible Shareholders of New Shares as detailed in this Offer Memorandum.
<b>SARCO</b>	Sino Australian Resources (Laos) Co Ltd a company incorporated in Laos PDR.
<b>Share Registry</b>	Registries Ltd of Level 7, 207 Kent Street, Sydney NSW.
<b>Shares</b>	Fully paid ordinary shares in the capital of Ord.
<b>Shareholder</b>	A holder of Shares.
<b>Shortfall</b>	The number of New Shares offered under the Offer for which valid applications have not been received from Eligible Shareholders of Rights before the Closing Date.
<b>Sydney</b>	Sydney, New South Wales.
<b>Underwriter</b>	Patersons Securities Limited ACN 008 896 311 AFSL 239052.
<b>Underwriting Agreement</b>	The underwriting agreement between the Company and the Underwriter dated November 2009.
<b>Yuqida</b>	Lao Yuqida Mining Group Co Ltd a company incorporated in Lao PDR and Peru Yuqida Pty a company incorporated in Peru.

## **Corporate Directory**

### **Directors**

Mr. Luo Tao:	Non-executive Chairman
Mr. David Tang:	Non-executive Director
Mr. Peter Shou:	Managing Director
Mr. Frank Zhu:	Executive Director
Mr. Graham McGeagh:	Non-executive Independent Director

### **Company Secretary**

Mr. Frank Zhu:	Company Secretary
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### **Registered Office**

Ord River Resources Limited  
Level 22, Gold Fields House  
1 Alfred St, Sydney NSW 2000

Telephone: 61 2 9250 1888  
Facsimile: 61 2 9250 1838

Email: [investor.relations@ord.com.au](mailto:investor.relations@ord.com.au)  
Website: [www.ord.com.au](http://www.ord.com.au)

### **Auditors**

Grant Thornton  
Level 17  
383 Kent St  
Sydney NSW 2000

### **Share Registry**

Registries Ltd  
Level 7, 207 Kent St  
Sydney NSW 2000

Telephone: 61 2 9290 9600  
Facsimile: 1 2 9279 0664

### **ASX Code**

Shares: ORD