

21 November 2014

PARTIALLY UNDERWRITTEN NON-RENOUNCEABLE RIGHTS OFFER

The directors of Orpheus Energy Limited (ASX:OEG) (**Orpheus** or the **Company**) are pleased to announce a partially underwritten non-renounceable entitlement issue to raise approximately A\$1,120,000 (before costs and expenses of the offer) (**Rights Offer**).

Details and the timetable for the Rights Offer are set out below.

Rights Offer details

Rights Offer and price

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 Price represents a:

- (a) 9% discount to Orpheus's closing price of A\$0.022 (2.2 cents) on 20 November 2014; and
- (b) 23% discount to Orpheus's share price of A\$0.026 (2.6 cents) calculated based on a 3 month volume weighted average price (**VWAP**) ending 20 November 2014,

being the last business day before this announcement.

Underwriting and shortfall

The Directors have committed to taking up their full Entitlements under the Rights Offer in the sum of \$318,129.

Additionally, the Rights Offer is underwritten up to A\$181,871 by the Directors.

Therefore the total commitment by Directors is A\$500,000 representing approximately 45% of the total Rights Offer. \$4.00 is being charged for the underwriting.

Shareholders may apply for additional New Shares in excess of their entitlement at the same issue price of A\$0.02 (2 cents) per New Share. Allocation of additional New Shares applied for will be at the discretion of the Board of Orpheus.

Prospectus

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 ASX today. Orpheus anticipates that the Prospectus and accompanying Entitlement and Acceptance Form will be dispatched to eligible shareholders on 25 November 2014.

Eligible shareholders

Orpheus has determined that only those shareholders with registered addresses in Australia and New Zealand will be eligible to participate in the Rights Offer.

Use of funds

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.

Capital structure before and after

A snapshot of the Orpheus capital structure is detailed below:

Current Orpheus shares on issue:	168,256,271
Number of New Shares offered under the Rights Offer:	56,085,423
Issued share capital of Orpheus in the event all Shareholders take up their entitlement under the Rights Offer:	224,341,694
Fractional entitlements:	Fractional entitlements under the Rights Offer will be rounded up to the nearest whole number
Status of New Shares:	Following quotation, the New Shares will rank equally in all respects with existing quoted Orpheus shares on issue.

Rights Offer Timetable

The anticipated timetable for the Rights Offer is as follows:

Announcement of the Rights 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 Rights 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 Rights 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.

Existing performance options for Orpheus Directors are on terms which mean that they are not exercisable before the Closing Date. These options are out of the money.

Shareholders with queries concerning the Rights Offer should contact their 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).

Orpheus's Executive Director, David Smith, encourages shareholders to participate in the Rights Offer.

For and on behalf of
Orpheus Energy Limited



Wayne Mitchell
Executive Chairman
Orpheus Energy Limited



ORPHEUS

ENERGY

Prospectus

Orpheus Energy Limited ACN 121 257 412

A non-renounceable entitlement offer to Eligible Shareholders of 1 New Share at \$0.02 each for every 3 Shares held to raise approximately A\$1,120,000 before costs of the Offer

The Directors have committed to taking up their full Entitlement under the Offer and have agreed to partially underwrite the Offer up to a further \$181,871, or approximately 9,093,548 New Shares. This equals a maximum take-up by Directors of 25,000,000 New Shares, raising A\$500,000.

Important notice

This is an important document and requires your immediate attention.

The New Shares offered by this document should be considered speculative.

This document should be read in its entirety. If after reading this document you have any questions about the Offer or the New Shares then you should consult your stockbroker, accountant or other professional adviser.

Your application payment must be received by the Share Registry no later than 5:00pm (AEST) on 19 December 2014. Please refer to the Timetable set out in this Prospectus for the important dates.

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Important notice

Offer

This Prospectus contains an offer from Orpheus Energy Limited (**Orpheus**) to Eligible Shareholders of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act.

Lodgement and listing

This Prospectus is dated 21 November 2014 and a copy of this Prospectus was lodged with ASIC on that date.

Orpheus will apply to the ASX for quotation of the New Shares on the ASX within seven days after the date of this Prospectus.

Neither ASIC nor the ASX or their officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry date

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Notice to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice.

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in New Shares. There are risks associated with an investment in the New Shares and the New Shares offered under this Prospectus must be regarded as a speculative investment. Some of the risks that should be considered are set out in "Risk factors" at Section 8. You should carefully consider these risks in light of your personal circumstances including financial and taxation issues. There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional advisor before deciding whether to invest in the New Shares.

No person named in this Prospectus guarantees Orpheus's performance or any return on investment or any return of capital made pursuant to this Prospectus.

Overseas Shareholders

The Offer is made only to those Eligible Shareholders with registered addresses in Australia and New Zealand and only those Eligible Shareholders will be offered New Shares. In making this Offer to Eligible Shareholders in New Zealand, Orpheus is relying on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand), by virtue of which this Prospectus is not required to be registered in New Zealand.

Orpheus has not investigated the regulatory requirements that may prevail in any country in which the Orpheus's Shareholders may reside outside of Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

The Offer may only be accepted by Eligible Shareholders and does not constitute an offer in any place in which or to any person to whom, it would be unlawful to make such an offer.

Orpheus has decided that it is unreasonable to make an Offer to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.

Notice to United States residents

The New Shares being offered pursuant to this Prospectus have not been registered under the *United States Securities Act of 1933*, as amended (**US Securities Act**) and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the *US Securities Act* and applicable United States securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act.

Disclaimer

Australian investors should not rely on any information which is not contained in this Prospectus in making a decision as to whether to acquire securities in Orpheus under the Offer. No person is authorised by Orpheus to give any information or make any representation in connection with the Offer that is not contained in the Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Orpheus, its Directors or any other person in connection with the Offer. Orpheus's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

This Prospectus contains forward-looking statements concerning Orpheus's business, operations, financial performance and condition as well as Orpheus's plans, objectives and expectations for its business, operations and financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates and projections about Orpheus's business and the industry in which Orpheus operates and management's beliefs and assumptions. These forward looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond Orpheus's control. As a result, any or all of Orpheus's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences include, but are not limited to, the risks described in "Risk factors" at Section 8.

Shareholders are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. These forward-looking statements speak only as at the date of this Prospectus. Unless required by law, Orpheus does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks Orpheus describes in the reports to be filed from time to time with the ASX after the date of this Prospectus.

This Prospectus contains market data and industry forecasts that were obtained from industry publications, third-party market research and publicly available information. These publications generally state that the information contained in them has been obtained from sources believed to be reliable, but Orpheus has not independently verified the accuracy and completeness of such information.

This Prospectus also includes trademarks, trade names and service marks that are the property of other organisations.

How to accept Entitlement to New Shares and obtain a copy of the Prospectus

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is accompanying this Prospectus in accordance with the instructions set out in this Prospectus and in the Entitlement and Acceptance Form.

This Prospectus is available in electronic form on the Internet at www.orpheusenergy.com.au. If you wish to obtain a free copy of this Prospectus, please contact Orpheus on (02) 8281 8200 within Australia) and +61 2 8281 8200 (from outside Australia).

Privacy

By completing an Entitlement and Acceptance Form, you consent to the collection, use and disclosure of your personal information as summarised below. For full details please refer to our privacy policy at www.orpheusenergy.com.au or contact the Orpheus Privacy Officer on (02) 8281 8225 within Australia) and +61 2 8281 8225 (from outside Australia) (between 8:30 am to 5:00 pm, AEST) for a copy of the Orpheus privacy policy.

Collection of your personal information - We collect personal information about you so that we can administer our dealings with you, provide you with Orpheus information, products and services, service your needs as a Shareholder (if you become one), and carry out appropriate administration of your Application for investment and deal with any requests you may have. If we do not collect your personal information, we may be unable to deal with your request or provide you with services and benefits, and we may not be able to process your Application under this prospectus. Personal information we collect may include name, address, date of birth, credit card details and other details.

Disclosure of your personal information - We may disclose your personal information to third parties, such as our Share Registry, legal, auditors, management and other professional advisors, service providers, suppliers, insurers, IT providers who run our IT services, payment processors who process payments, marketing providers who provide marketing and public relations services, and where we are required to by law.

Our Privacy Policy - Our privacy policy sets out our approach to the management of personal information. Subject to the *Privacy Act 1998* (Cth), you can have access to and seek correction of your personal and

sensitive information. Our privacy policy contains information about how you can do this. Our privacy policy also contains information about how you can make a complaint about a breach of privacy.

Direct Marketing – By submitting an Entitlement and Acceptance Form, you consent to us using your personal information to let you know about products and services that we think may be of interest to you, via direct marketing through electronic and other means. However, you may opt out of receiving marketing information at any time by using the contact details provided above. For more information, see our privacy policy.

Website

Any documents included on the website www.orpheusenergy.com.au (and any reference to them) are provided for convenience only and none of the documents or other information on the website are incorporated by reference into this Prospectus.

Definitions and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in the "Glossary" at Section 10.

Time

All references to time in this Prospectus refer to Australian Eastern Standard Time (AEST) unless stated otherwise.

Photographs and diagrams

Photographs used in this Prospectus should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by Orpheus. Diagrams used in the Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at 21 November 2014.

Letter from the Chairman

Dear Shareholders,

Non-renounceable Entitlement offer

On behalf of the Board of Orpheus Energy Limited (Orpheus or Company), I have pleasure in inviting you to participate in Orpheus's partially underwritten, non-renounceable Entitlement offer described in this Prospectus.

Your Company is offering to all Eligible Shareholders the right to subscribe for 1 New Share for every 1 Share held at 5:00pm AEST on 27 November 2014 at an issue price of \$0.02 cents per New Share to raise up to \$1,120,000 (before the costs of the offer).

The Rights Issue is partially underwritten by the Directors for \$181,871. Orpheus will pay the Directors a nominal fee of \$4.00 in total in relation to the underwriting provided.

The Offer constitutes 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 (**VWAP**) ending 20 November 2014,

being the last business day before this Prospectus was lodged with the ASX.

Purpose of the capital raising

The net proceeds of the Rights Issue will be used to extinguishing an Orpheus debt, relating to its previous coal business, working capital and to pay the costs of the Rights Offer.

Further information regarding the use of funds is set out at Section 6.1.

Actions required to take up your Entitlement

The number of New Shares you are entitled to subscribe for is set out in your personalised Entitlement and Acceptance Form that is enclosed in this Prospectus. If you take up your Entitlement in full, you can also apply for additional New Shares under the Shortfall facility (**Additional New Shares**).

If you decide to subscribe for New Shares or Additional New Shares, please ensure that you provide your completed Entitlement and Acceptance Form and your Application Monies by the closing date of 5.00 pm AEST on 19 December 2014.

You can provide your Entitlement and Acceptance Form and your Application Monies to our registry, Boardroom Pty Ltd, or you can pay your Application Monies via BPAY® pursuant to the instructions set out in the accompanying Entitlement and Acceptance Form.

If you do not wish to take up any of your Entitlement, you do not have to take any action. .

Risks

You should be aware that an investment in Orpheus, like an investment in any company involves certain risks which can affect the value of your investment. Further information regarding the risks specific to the Offer are contained in Section 8. The Directors recommend that you read Section 8. in full before applying for your Entitlement in order to fully appreciate the risks associated with an investment in Orpheus.

Further information

Further details of the Offer are set out in this Prospectus which you should read carefully.

If you have any questions or queries regarding the details contained in this document, please contact your financial adviser or the Company Secretary, David Smith on (02) 8281 8225.

The Directors appreciate our Shareholders' continued support of Orpheus and welcome your participation in this Offer.

Yours sincerely



Wayne Mitchell
Executive Chairman
Orpheus Energy Limited

1. Offer statistics and important dates

1.1 Offer statistics

Number of New Shares to be issued (if the Offer is fully subscribed)	56,085,423
Offer price per New Share	\$0.02

1.2 Timetable of important dates

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

These dates are indicative only and subject to change. Orpheus Energy Limited (EOG or Company) reserves the right, subject to the Corporations Act and the Listing Rules, to change any date including to extend the Closing Date of the Offer, to close the Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares. If the Offer is withdrawn, Application Monies will be returned without interest.

2. Key Offer Information and frequently asked questions

Set out below is a summary of the key Offer information and frequently asked questions. This information is intended to be a summary only and should be read in conjunction with the more detailed information contained in the Prospectus and as cross referenced in the third column of the table below.

If you are unclear in relation to any aspect of the Offer, or if you are uncertain whether the New Shares are a suitable investment for you, you should consult your financial or other professional adviser.

Topic	Summary	Where to find further information
Who is the issuer of this Prospectus?	Orpheus Energy Limited ACN 121 257 412 (ASX Code: OEG).	
What is being offered and at what price	Orpheus is offering to issue New Shares to Eligible Shareholders by a pro-rata non-renounceable rights issue. Under the Offer, Eligible Shareholders may subscribe for 1 New Share for every 3 Shares held on the Record Date, at the Offer Price of \$0.02 cents per New Share.	Section 3.1
How many New Shares will be issued?	The maximum number of New Shares that will be issued under the Offer (if the Offer is fully subscribed) is 56,085,423.	Section 3.1
What is the amount that will be raised under the Offer?	If the Offer is fully subscribed, Orpheus will raise \$1,120,000 through the issue of New Shares (before taking into account the costs of the Offer).	Section 3.1
What are the terms of the New Shares?	Upon issue, each New Share will rank equally with all existing Shares then on issue. A summary of the rights and liabilities attaching to the New Shares is set out in Section 9.4.	Section 9.4
Who is eligible to participate in the Offer?	The offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand on the Record Date. If you are not an Eligible Shareholder, you are not able to participate in the Offer.	Section 3.2
What are the alternatives for Eligible Shareholders	The Offer is non-renounceable so you can not trade your Entitlements. As an Eligible Shareholder, you may: <ul style="list-style-type: none"> • Take up all of your Entitlements; • Apply for Additional New Shares; • Take up part of your Entitlements, and allow the balance of your Entitlements to lapse; • Allow all of your Entitlements to lapse. 	Section 4
What if I do not wish to exercise my Entitlements?	If you do not wish to exercise your Entitlements, you do not have to do anything.	Section 4.1(d)
What is the purpose of the Offer and use of funds?	The funds raised under the Offer (after payment of expenses in connection with the Offer) will be used to extinguish an Orpheus debt, relating to its previous coal business and for working capital (which includes funds required to recover outstanding money owed to Orpheus by Mr Nugroho Suksmanto and PT Mega Coal).	Section 6.1

Is the Offer underwritten?	The Offer is partially underwritten by the Directors up to the Underwritten Amount of \$181,871, being 9,093,548 Underwritten Shares. Details of the Underwriting Agreement are contained in Section 9.10 of this Prospectus.	Sections 3.6 and 9.10
What is the effect on control of Orpheus?	The effect on the control of Orpheus will depend on the take-up of Entitlements by Eligible Shareholders. If no Eligible Shareholders other than the Directors subscribe for their Entitlements, the voting power of entities associated with the Directors could increase to 35.15% (from a current level of 28.36%) on the basis of the Directors take up of Entitlements and the Underwritten Shares.	Section 7
How can Eligible Shareholders apply under the Offer?	<p>The number of New Shares to which an Eligible Shareholder is entitled and the total amount an Eligible Shareholder would have to pay if they choose to take up all of their rights to subscribe for New Shares is shown on the Entitlement and Acceptance Form accompanying this Prospectus. This Prospectus is for the information of Eligible Shareholders who are entitled and may wish to apply for the New Shares. Fractional Entitlements will be rounded up to the nearest whole number.</p> <p>Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus in accordance with the instructions set out below and in the Entitlement and Acceptance Form, or by making an application payment via BPAY®.</p> <p>Application Monies for the New Shares must be received by Orpheus at its Share Registry by 5:00pm AEST on the Closing Date of 19 December 2014. Please refer to the Timetable for the important dates of the Offer.</p>	Sections 4.1 and 4.2
How will any Shortfall be allocated?	<p>New Shares that are not acquired by Eligible Shareholders under the Offer will be placed in a pool of shares referred to as Additional New Shares.</p> <p>Eligible Shareholders who have accepted their Entitlement in full may apply for Additional New Shares, in addition to their Entitlement, at the Offer Price. Directors of Orpheus (and any other related parties of Orpheus) are not permitted to apply for Additional New Shares but may take up their Entitlement, if any, and/or participate as an Underwriter as disclosed in this Prospectus.</p> <p>In the event that there is a Shortfall in subscriptions under the Offer, the Directors reserve the right, as contemplated within the Listing Rules and subject to the terms of the Underwriting Agreement, to allocate any Shortfall of New Shares in their discretion and in consultation with the Underwriter (which may include to subscribers for Additional New Shares) so as to ensure a maximum amount of funds is raised. They will do so in a manner which will ensure that no Shareholder will, as a consequence of taking up their Entitlement or being placed with any Shortfall, hold a relevant interest in more than 19.99% of all of the Shares in Orpheus after completion of the Offer (except as contemplated by the Underwriting Agreement).</p> <p>Applications for Additional New Shares can be made by completing the Additional New Shares section of the Entitlement and Acceptance Form, in accordance with the instructions on the form, and including the consideration for these Additional New Shares with the payment for your Entitlement.</p> <p>There is no guarantee that Eligible Shareholders will be successful in being allotted any of the Additional New Shares that they may apply for. Orpheus may reject any application for Additional New Shares or allocate fewer New Shares than applied for by subscribers for Additional New Shares.</p>	Sections 4.3 and 4.4

<p>What are the Directors' Intentions in respect of their Entitlements under the Offer?</p>	<p>As at the date of this Prospectus, the Directors of Orpheus all have either a direct or indirect interest in Shares. Set out below is a table summarising the Entitlement of each Director (based on their current holding) and how they intend to treat their Entitlements.</p> <table border="1" data-bbox="454 353 1197 728"> <thead> <tr> <th>Director</th> <th>Shares</th> <th>Entitlement to New Shares</th> <th>Underwritten Shares</th> <th>Intention</th> </tr> </thead> <tbody> <tr> <td>Wayne Mitchell</td> <td>12,990,823</td> <td>4,330,274</td> <td>2,273,387</td> <td rowspan="4">Will take up full Entitlement and take up Underwritten Shares (if available)</td> </tr> <tr> <td>David Smith</td> <td>30,090,681</td> <td>10,030,227</td> <td>2,273,387</td> </tr> <tr> <td>Wesley Harder</td> <td>3,134,577</td> <td>1,044,859</td> <td>2,273,387</td> </tr> <tr> <td>Michael Rhodes</td> <td>1,503,334</td> <td>501,111</td> <td>2,273,387</td> </tr> </tbody> </table>	Director	Shares	Entitlement to New Shares	Underwritten Shares	Intention	Wayne Mitchell	12,990,823	4,330,274	2,273,387	Will take up full Entitlement and take up Underwritten Shares (if available)	David Smith	30,090,681	10,030,227	2,273,387	Wesley Harder	3,134,577	1,044,859	2,273,387	Michael Rhodes	1,503,334	501,111	2,273,387	<p>Section 9.6</p>
Director	Shares	Entitlement to New Shares	Underwritten Shares	Intention																				
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<p>Investment highlights</p>	<p>A brief summary of project positions and planned activity of Orpheus is as follows:</p> <ul style="list-style-type: none"> extinguish debt owed by Orpheus to PT Baraindo so that Orpheus becomes debt free; recover outstanding money owed to Orpheus by Mr Nugroho Suksmanto and PT Mega Coal. <p>In accordance with the Chairman's Address at the 2014 AGM, Orpheus is currently undertaking a process of recalibration. This includes:</p> <ul style="list-style-type: none"> recapitalising Orpheus through the recovery of an outstanding debt to Orpheus of ~\$7.2m; extinguishing all debt owed by Orpheus so that the company is debt-free; identifying and transacting on appropriate value adding projects to successfully grow Orpheus, subject to shareholder approval. 	<p>Section 5</p>																						
<p>What are the risks of a further investment in Orpheus?</p>	<p>The Offer should be considered speculative. Before deciding to subscribe under the Offer, you should consider the risk factors set out in Section 8 and all other relevant material including Orpheus's public announcements and reports. Orpheus specifically notes the following key risks:</p> <table border="1" data-bbox="454 1388 1197 2018"> <tr> <td data-bbox="454 1388 614 2018"> <p>Risk from no current main undertaking</p> </td> <td data-bbox="622 1388 1197 2018"> <p>As at the date of this Prospectus, Orpheus has no main undertaking.</p> <p>In a letter issued by the ASX, the ASX stipulated that if Orpheus proposes to enter into any transactions it must consult with the ASX so that the ASX may consider the application of Listing Rule 11.1.</p> <p>Consequently there is a risk that the acquisition of a new main undertaking will require either Orpheus Shareholder approval or Orpheus to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the Official List of the ASX, i.e. like a back-door listing.</p> <p>In the event Orpheus is required to meet the requirements of Chapters 1 and 2 of the Listing Rules and is not successful Orpheus will be delisted from the ASX. In the event Orpheus Shareholder approval is not forthcoming, Orpheus will need to identify a new main undertaking.</p> <p>Listing Rule 12.1 provides that the level of Orpheus's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of Orpheus's</p> </td> </tr> </table>	<p>Risk from no current main undertaking</p>	<p>As at the date of this Prospectus, Orpheus has no main undertaking.</p> <p>In a letter issued by the ASX, the ASX stipulated that if Orpheus proposes to enter into any transactions it must consult with the ASX so that the ASX may consider the application of Listing Rule 11.1.</p> <p>Consequently there is a risk that the acquisition of a new main undertaking will require either Orpheus Shareholder approval or Orpheus to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the Official List of the ASX, i.e. like a back-door listing.</p> <p>In the event Orpheus is required to meet the requirements of Chapters 1 and 2 of the Listing Rules and is not successful Orpheus will be delisted from the ASX. In the event Orpheus Shareholder approval is not forthcoming, Orpheus will need to identify a new main undertaking.</p> <p>Listing Rule 12.1 provides that the level of Orpheus's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of Orpheus's</p>	<p>Section 8</p>																				
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		<p>securities and its continued listing.</p> <p>The ASX has advised that it will afford Orpheus a period ending on 7 June 2015 of to demonstrate to the ASX that it is compliant with Listing Rule 12.1.</p> <p>If Orpheus does not demonstrate compliance with this Listing Rule the ASX's satisfaction by 7 June 2015, the ASX may suspend Orpheus's securities from official quotation. This could result in Orpheus being delisted.</p>	
	<p>Debt owed to PT Baraindo</p>	<p>Orpheus owes PT Baraindo of \$850,000.</p> <p>Receipt of funds equal to the Underwritten Amount underwritten by the Directors and the Directors taking up their full Entitlement will not provide sufficient funds to enable Orpheus to extinguish the debt of \$850,000 owed to PT Baraindo (in the event no funds are received from Mr Nugroho Suksmanto and PT Mega Coal pursuant to the terms of the sales agreements signed on 1 July 2014) and Orpheus will require additional funding.</p> <p>The Directors reserve the right to place the Shortfall at their discretion within 3 months after the close of the Entitlements Offer, subject to the ASX Listing Rules and any other applicable law. However, there is no guarantee that investors will be able to be identified. If Orpheus is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.</p>	
	<p>Litigation against Mr Nugroho Suksmanto and PT Mega Coal</p>	<p>Mr Suksmanto and PT Mega Coal owe Orpheus US\$7,234,147.</p> <p>The Orpheus Board has initiated action to expedite the recovery of outstanding monies owed by Mr Suksmanto and PT Mega Coal and Orpheus will keep shareholders updated. To this end, on 13 November 2014 Orpheus issued 17 notices to Mr Suksmanto and the Mega Coal Group for the payment of the balance amount owing. In the event the balance remains unpaid, Orpheus has clearly indicated in the notices that it will commence legal proceedings in Indonesia against Mega Coal Group and/or their managements (both civil and criminal), including but not limited to filing (i) a petition for declaration of bankruptcy; (ii) a notice of arbitration and/or (iii) a police report, in accordance with the prevailing laws and regulations. Such litigation may prove time consuming and costly. To this end, however, Orpheus has allocated part of the proceeds of the Offer allocated to 'working capital' to meet such costs.</p>	

3. Details of the Offer

3.1 Offer to Eligible Shareholders

The Directors of Orpheus have approved a non-renounceable Entitlement offer of 56,085,423 New Shares at \$0.02 per New Share to raise approximately \$1,120,000 (before costs of the Offer).

Eligible Shareholders of Orpheus are entitled to subscribe for 1 New Share for every 3 Shares held. Only those Eligible Shareholders shown on the share register at 5:00pm (AEST) on the Record Date of 27 November 2014 will be entitled to participate in the Offer.

Orpheus has applied to the ASX for the New Shares to be granted Official Quotation on the ASX. ASX Participating Organisations (as defined in the ASX Business Rules) cannot deal in the New Shares either as principal or agent until Official Quotation is granted.

3.2 Eligible Shareholders

The Offer is open to Eligible Shareholders, that is Shareholders who are registered as at 5:00pm (AEST) on the Record Date of 27 November 2014 with addresses in Australia and New Zealand.

Eligible Shareholders do not include Shareholders with registered addresses outside Australia and New Zealand.

3.3 Entitlement

As an Eligible Shareholder, your Entitlement will be based on a pro-rata ratio of 1 New Share for every 3 Shares held as at the Record Date. In total, up to 56,085,423 New Shares will be issued pursuant to the Offer. In calculating the Entitlement, fractional Entitlements to New Shares determined in respect of each holding will be rounded up to the nearest whole number of New Shares. The Offer Price for New Shares will be \$0.02 per New Share.

Shareholders who take up their Entitlements in full will not have their percentage shareholding in Orpheus diluted as a result of the Offer. The percentage shareholding in Orpheus of Shareholders who do not take up all of their Entitlements and of Shareholders with registered addresses outside Australia and New Zealand will be diluted.

Your Entitlement is non-renounceable, which means it cannot be sold. For further details of how to take up your Entitlement and apply under the Offer, please refer to Section 4.

3.4 Additional New Shares

New Shares that are not acquired by Eligible Shareholders under the Offer will be placed in a pool of shares referred to as Additional New Shares.

Eligible Shareholders who have accepted their Entitlement in full may apply for Additional New Shares, in addition to their Entitlement, at the Offer Price. Directors of Orpheus (and any other related parties of Orpheus) are not permitted to apply for Additional New Shares but may take up their Entitlement, if any, and/or participate as an Underwriter as disclosed in this Prospectus.

In the event that there is a Shortfall in subscriptions under the Offer, the Directors reserve the right, as contemplated within the Listing Rules and subject to the terms of the Underwriting Agreement, to allocate any Shortfall of New Shares in their discretion (which may include to subscribers for Additional New Shares) so as to ensure a maximum amount of funds is raised. They will do so in a manner which will ensure that no Shareholder will, as a consequence of taking up their Entitlement or being placed with any Shortfall, hold a

relevant interest in more than 19.99% of all of the Shares in Orpheus after completion of the Offer.

Applications for Additional New Shares can be made by completing the Additional New Shares section of the Entitlement and Acceptance Form, in accordance with the instructions on the form, and including the consideration for these Additional New Shares with the payment for your Entitlement.

There is no guarantee that Eligible Shareholders will be successful in being allotted any of the Additional New Shares that they may apply for. Orpheus may reject any application for Additional New Shares or allocate fewer New Shares than applied for by subscribers for Additional New Shares.

For further details regarding Additional New Shares and Orpheus's allocation policy for any Shortfall, please refer to Section 4.4.

3.5 Closing Date of the Offer

Applications under the Offer must be received at Orpheus's Share Registry by no later than 5:00pm (AEST) on the Closing Date of 19 December 2014.

Orpheus reserves the right, subject to the Corporations Act, the Listing Rules and any requirements of the ASX, to accept late applications or, without notice, extend the Closing Date for the Offer. If the Closing Date is varied, subsequent dates may also be varied accordingly. Unless Orpheus decides to accept late applications or extend the Closing Date for the Offer, applications received after 5:00pm (AEST) on the Closing Date will be rejected and Application Monies will be refunded without interest.

3.6 Underwriting

The Offer is partially underwritten by the Directors up to \$181,871, representing approximately 9,093,548 New Shares.

Details of the Underwriting Agreement are contained in Sections 7.3 and 9.10. The Directors currently have an interest in 47,719,415 Shares on issue (representing 28.36% interest) and have agreed to subscribe for any shortfall in the Offer up to a maximum of a further 9,093,548 New Shares in accordance with the Underwriting Agreement. This is in addition to the Entitlement of the Directors as Shareholders.

3.7 Minimum application

All applications must be for a whole number of New Shares. There is no minimum application under the Offer for Eligible Shareholders.

3.8 Allotment and allocation

Orpheus will proceed to allocate New Shares to all Eligible Shareholders under the Offer as soon as possible after the Closing Date and receiving ASX permission for Official Quotation of the New Shares.

Issue of New Shares under the Offer is expected to occur on 30 December 2014. From this date, applicants may call Orpheus's Share Registry to seek confirmation of this allocation.

In respect of Additional New Shares, the allocation policy is set out in Sections 3.4 and 4.4.

Successful applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk. No New Shares will

be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

3.9 ASX listing

Orpheus has applied for the listing and quotation of the New Shares on the ASX.

Should the New Shares under the Offer not be granted Official Quotation on the ASX within 3 months after the date of this Prospectus, none of the New Shares under this Prospectus will be issued and all Application Monies will be refunded without interest to applicants within the time prescribed by the Corporations Act.

3.10 Transaction confirmation statements

Each successful applicant under the Offer will be provided with a transaction confirmation statement which sets out the number of New Shares issued to that applicant under the Offer, and other information required by the Corporations Act.

Transaction confirmation statements for the New Shares issued under the Offer are expected to be dispatched on 31 December 2014. It is the responsibility of applicants to be sure of their respective holdings of New Shares prior to trading in them. Applicants who sell Shares before they receive their transaction confirmation statements will do so at their own risk.

3.11 No rights trading

Entitlements pursuant to the Offer are non-renounceable and accordingly will not be traded on the ASX.

3.12 CHESS

Orpheus will apply to the ASX Settlement Corporation Pty Ltd (**ASC**) for the New Shares to participate in the Clearing House Electronic Subregister System (**CHESS**). After allotment of the New Shares, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Prospectus. The statement will also advise holders of their Holder Identification Number. Further statements will be provided to holders which reflect any changes in their holding in Orpheus during a particular month.

3.13 Options

Orpheus currently has 10,089,458 performance based unlisted Options on issue, each of which entitles the holder to subscribe for 1 Share in Orpheus. The exercise price of the Options is \$0.0607 and their expiry date is 30 June 2016.

The terms of the Options do not permit the holders to participate in the Offer, except by exercise of the Options and thereby acquiring the underlying Shares in Orpheus before the Record Date for the Offer.

Given the Options are performance based option, these Options will not be exercisable during the period of the Offer. These Options are currently out of the money.

3.14 Foreign Shareholders

Orpheus has not made investigations as to the regulatory requirements that may prevail in the countries, outside of Australia and New Zealand, in which Orpheus's Shareholders reside.

Orpheus has decided that it is unreasonable to make offers under this Offer Statement to Shareholders with registered addresses outside Australia and New Zealand having regard to the small number of these Shareholders, the small number and value of the New Shares these Shareholders would be offered and the cost of complying with the legal and regulatory requirements in the relevant overseas jurisdictions. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.

This Prospectus does not constitute an offer of New Shares in any place outside Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. Where the Prospectus has been dispatched to Shareholders domiciled in a place outside Australia and New Zealand, the Prospectus is provided for information purposes only. No Entitlement and Acceptance Forms will be sent to these foreign Shareholders. The distribution of this Prospectus and the accompanying Entitlement and Acceptance Form in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus and the accompanying Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

In particular, this Prospectus does not constitute an offer for sale of New Shares or any rights to a security into the United States or to U.S. persons (as defined for the purposes of the U.S. Securities Act 1933). The New Shares and rights have not been, and will not be, registered under the U.S. Securities Act 1933 and must not be offered or sold within the United States or to U.S. persons unless they are registered under the US Securities Act 1933 or exemption from the registration required under the U.S. Securities Act 1933 is available.

By lodging a completed Entitlement and Acceptance Form, the applicant is taken to have warranted to and for the benefit of Orpheus that it is able to participate in the Offer without breaching any law or regulation in the applicant's jurisdiction.

In making this Offer to Eligible Shareholders in New Zealand, Orpheus is relying on the *Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand)*, by virtue of which this Prospectus is not required to be registered in New Zealand.

3.15 Electronic Prospectus

An electronic version of this Prospectus is available online at www.orpheusenergy.com.au.

The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Prospectus. Orpheus will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While Orpheus believes it is extremely unlikely that in the Offer period the electronic version of the Prospectus will be tampered with or altered in any way, Orpheus cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from Orpheus or the Share Registry.

3.16 Excluded Information

Orpheus is not aware of any Excluded Information at the time of announcing this Offer.

Orpheus continues to monitor, and seeks to identify, opportunities with respect to a new main undertaking which may enhance Shareholder value. In this regard, Orpheus from time to time may undertake an assessment of acquisition opportunities for projects, some that are either in production or near to commencing production. This involves the conduct of detailed technical and financial due diligence. Orpheus will keep the market up to date with

respect to such enquiries or discussions in accordance with its obligations under the Corporations Act and the Listing Rules.

3.17 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, David Smith on (02) 8281 8225.

4. How Eligible Shareholders can apply under the Offer

This Section does not apply to Shareholders with registered addresses outside Australia and New Zealand.

4.1 How to apply under the Offer

The number of New Shares which you are entitled to subscribe for under the Offer is shown on the accompanying Entitlement and Acceptance Form. You may:

- (a) take up all of your Entitlement and subscribe for all of the New Shares to which you are entitled;
- (b) take up all of your Entitlement and subscribe for all of the New Shares to which you are entitled, and apply for Additional New Shares in the Shortfall, if there is one;
- (c) take up some of your Entitlement and allow the balance to lapse; or
- (d) not take up any of your Entitlement and allow it to lapse.

4.2 Taking up some or all of your Entitlement

Pay by cheque

If you wish to take up some or all of your Entitlement and pay for the New Shares by cheque, you should complete the accompanying Entitlement and Acceptance Form (for all of the New Shares offered to you or such lesser number you wish to accept) in accordance with the instructions set out on the form.

Completed forms should be forwarded, together with your cheque for the amount due in respect of the number of New Shares you have accepted (being that number multiplied by \$0.02), in the enclosed reply paid envelope (New Zealand Shareholders will need to affix the appropriate postage) so that it is received by Orpheus's Share Registry no later than 5:00pm (AEST) on the Closing Date of 19 December 2014 by returning the form and payment to:

- (a) By delivery
Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000
- (b) By post
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Cheques must be for payment in Australian currency and drawn on an Australian financial institution or an Australian branch of a foreign financial institution. Cheques should be made payable to "Orpheus Energy Limited" and crossed "Not Negotiable". Do not send cash. Receipts for payment will not be forwarded to Shareholders who subscribe for New Shares.

Your completed Entitlement and Acceptance Form, once sent to Orpheus's Share Registry, cannot be withdrawn.

Entitlement and Acceptance Forms will not be accepted at Orpheus's registered office.

Pay by BPAY®

Alternatively, you may wish to make payment through the BPAY® facility. Payment by BPAY® should be made in accordance with the instructions set out on the Entitlement and Acceptance Form using the reference number shown on the form and must be received by 5:00pm (AEST) on the Closing Date of 19 December 2014. The reference number is used to identify your holding.

If you have multiple holdings, you will also have multiple reference numbers. You must use the reference number shown on each Entitlement and Acceptance Form to pay for each holding separately.

If you make your payment by BPAY® you do not need to complete and return the Entitlement and Acceptance Form. Your BPAY® payment cannot be withdrawn.

4.3 Applying for Additional New Shares from any Shortfall

Pay by cheque

If you wish to take up all of your Entitlement and apply for any New Shares remaining upon any Shortfall, you should complete the accompanying Entitlement and Acceptance Form for all of the New Shares offered to you in accordance with the instructions set out on the form, and also fill in the number of Additional New Shares you wish to apply for in the space provided on the form.

Completed forms should be forwarded, together with your cheque for the amount due in respect of the number of New Shares you have accepted and applied for (being that number multiplied by \$0.02) in accordance with the instructions on the form. Your completed Entitlement and Acceptance Form, once sent to Orpheus's Share Registry, cannot be withdrawn.

Pay by BPAY®

Alternatively, you may wish to make payment through the BPAY® facility. In that case follow the instructions for payment by BPAY® set out on the Entitlement and Acceptance Form as noted in Section 4.2 above.

If you make your payment by BPAY® you do not need to complete and return the Entitlement and Acceptance Form. Your BPAY® payment cannot be withdrawn.

4.4 Additional New Shares and allocation policy for Shortfall

New Shares from any Shortfall will only be allocated and issued if all Eligible Shareholders do not apply for their full Entitlements and the Offer is consequently undersubscribed. New Shares that are not acquired by Eligible Shareholders under the Offer will be placed in a pool of shares referred to as Additional New Shares.

Allocation of any Additional New Shares will be at the discretion of the Board of Directors of Orpheus (or their delegate for this purpose) in accordance with the following policy:

- (a) The Directors reserve the right, as contemplated within the Listing Rules and subject to the terms of the Underwriting Agreement, to allocate any Shortfall of New Shares in their discretion in consultation with the Underwriter (which may include to subscribers for Additional New Shares) so as to ensure a maximum amount of funds is raised. They will do so in a manner which will ensure that no Shareholder will, as a consequence of taking up their Entitlement or being placed with any Shortfall, hold a relevant interest in more than 19.99% of all of the Shares in Orpheus after completion of the Offer.
- (b) If Orpheus receives applications from Eligible Shareholders for Additional New Shares that would not result in the Offer being oversubscribed, Orpheus will, subject to the other terms of this policy, allocate those Additional New Shares to the Eligible Shareholders who applied for them.

- (c) If Orpheus receives applications for Additional New Shares that would result in the Offer being oversubscribed, Orpheus will not accept such oversubscriptions and will reject or scale back applications in a manner that the Board determines will result in the Eligible Shareholders who applied for the Additional New Shares being allocated the number of Additional New Shares that best approximates a pro rata allocation of the Additional New Shares by reference to their respective Shareholdings on the Record Date, provided that any such allocation will be in the ultimate discretion of the Board and provided that no Eligible Shareholders are to be allocated more Additional New Shares than they applied for.
- (d) Additional New Shares will be issued at the same time as all other New Shares are issued under the Offer.
- (e) Orpheus will not allocate or issue any additional New Shares from a Shortfall where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law. Eligible Shareholders wishing to apply for Additional New Shares must consider whether the issue of the Additional New Shares applied for would breach the Corporations Act or the Listing Rules having regard to their own circumstances.
- (f) Directors of Orpheus (and any other related parties of Orpheus) are not permitted to apply for Additional New Shares but may take up their Entitlement, if any, and/or participate as an Underwriter as disclosed in this Prospectus.
- (g) If Orpheus does not receive applications for all of the Additional New Shares on any Shortfall, the Directors of Orpheus (or their delegate for this purpose) reserve the right if there are still Additional New Shares that have not been applied for to place or otherwise issue them at their discretion (but at not less than the price under the Offer).

There is no guarantee that Eligible Shareholders will be successful in being allotted any of the Additional New Shares that they may apply for. Orpheus may reject any application for Additional New Shares or allocate fewer New Shares than applied for by subscribers for Additional New Shares.

4.5 Return of surplus Application Monies

Application Monies received but not applied towards subscriptions for Additional New Shares on a Shortfall will be refunded by cheque as soon as reasonably practicable following the allocation of the Additional New Shares. No interest will be paid on Application Monies held and returned.

4.6 Acceptance

Receipt of your payment will constitute acceptance in accordance with, and your agreement to, the terms of the Offer, including those set out in this Prospectus.

The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Application Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by Orpheus on behalf of the applicants. Any interest earned on the Application Monies will be retained by Orpheus irrespective of whether allotment takes place.

You should note that Orpheus is not required to issue any New Shares to a person accepting the Offer under this Prospectus unless:

- (a) the Share Registry receives a completed Entitlement and Acceptance Form and a cheque for the full amount due in respect of the New Shares by 5:00pm (AEST) on the Closing Date of 19 December 2014, and there are sufficient funds in the

account on which the cheque is drawn so that the cheque clears in favour of Orpheus when it is first presented for payment; or

- (b) payment is received via the BPAY® facility for the relevant number of New Shares by 5:00pm (AEST) on the Closing Date of 19 December 2014.

4.7 Allow Entitlement to lapse

The Entitlement to which you are entitled may be valuable. If you decide not to take up some or all of your Entitlement, the Entitlement not taken up will lapse.

If you do not wish to exercise any of your Entitlement, you are not required to do anything. In that case, your Entitlement will lapse without any benefit to you.

4.8 Additional Information

Payment will only be accepted in Australian currency and cheques and BPAY® payments must be drawn on an Australian bank, credit union or building society.

No stamp duty, brokerage or handling fees are payable by the applicant for New Shares offered by this Prospectus.

5. Company overview

5.1 Sale of coal assets

As detailed in the address by the Chairman at the 2014 Annual General Meeting, 2014 has been a year of re-calibration for Orpheus. Low coal production and sales for the year, capital constraints, an unusually bad year for inclement weather, continued issues with illegal mining near Orpheus's concession border and the closure of the nearby SKJM Port for four months (and all surrounding ports) by the police, meant coal production was substantially below projections as a result of factors beyond Orpheus's control.

Recent developments in the Indonesian coal sector provided further impetus for the Board to make the decision to carefully re-evaluate Orpheus's future in the coal sector. These included:

- (a) New Government regulations require all existing miners to re-apply for export mining permits, with the intent by the Government to control the payment of all back taxes. The approval process will take time, restricting the operations of many export miners;
- (b) The new rules have the intention of reining in illegal operations, forcing coal miners to register with the central government and make royalty payments upfront before they are allowed to export, and as reported by the Indonesian Coal Mining Association, this will affect exports significantly;
- (c) The government has also announced that it will proceed with plans to cap the production of coal next year, a move aimed not only at protecting the environment but also at helping stem a decline in global coal prices;
- (d) Data in early September from the Financial Services Authority (OJK) showed that non-performing loans to the mining sector had more than doubled to 2.49 percent in June from 0.99 percent a year before, showing the impact of the downturn in prices; and
- (e) The ongoing lack of clarity on the process of obtaining mining licenses.

In this environment, the Board implemented an asset rationalisation and cost reduction strategy as determined through the comprehensive strategic review of the Orpheus' asset base and cost structure in late 2013. Apart from executing an aggressive cost-reduction strategy to reduce the Company's monthly administration costs, including wholesale staff redundancies and deferred Directors' and Executives' fees and salaries, the Board looked at a number of geographically and geologically diverse potential near-term cash-flow opportunities.

On 1 July 2014, Orpheus announced it had signed agreements with Mr Nugroho Suksmanto, PT Mega Coal and related parties regarding the sale of Indonesian assets for total proceeds of approximately US\$8.2million to be effected by the sale of Orpheus's 51% equity in six entities, namely:

- (a) PT Daya Mega Citra and PT Daya Mega Pelita (Papua tenements);
- (b) Pt Pelita Dian Petangi (B3);
- (c) PT Pelita Kharisma Kenanga (B4);
- (d) PT Alam Duta Kalimantan (ADK); and
- (e) PT Citra Bara Prima (CBP),

(Transaction).

As required by ASX Listing Rules 11.2, Shareholders approved the Transaction by way of ordinary resolution at the General Meeting of Orpheus on 14 August 2014 on the basis that completion of the Transaction will deliver a number of key benefits to OEG Shareholders including:

- (a) a significant cash return to Orpheus of approximately US\$8.2 million with a total profit of approximately US\$3.9 million.
- (b) the sale of non-performing assets will allow Orpheus to consider alternative asset acquisition that the Directors' believe will add value to shareholders.

5.2 Alternative asset acquisition strategy – Gold processing technology

The sale of the non-performing coal assets has allowed the Company to progress an alternative asset acquisition strategy that the Directors believe will add value to shareholders and grow the Company. One of these projects is a potentially industry changing gold processing technology. To this end, on 31 October 2014, Orpheus announced that one of the projects being investigated by the Board is a potentially industry changing gold processing technology (**Project**). Orpheus has significantly progressed its due diligence and negotiations, which commenced a number of months ago, on this technology. Orpheus anticipates being in a position in the very near term to announce details of this matter to shareholders.

5.3 Letter received from the ASX on 7 November 2014

Given that Orpheus has no main undertaking as at the date of this Prospectus, on 7 November 2014 the ASX issued a letter to Orpheus (**ASX Letter**). In this ASX Letter, the ASX noted that Listing Rule 12.1 provides that the level of Orpheus's operations must, in ASX's opinion, be sufficient to warrant the continue quotation of Orpheus's securities and its continued listing.

The ASX further stipulated in the ASX Letter that if Orpheus proposes to enter into any transactions it must consult with the ASX so that the ASX may consider the application of Listing Rule 11.1 (proposed change to nature or scale of activities) and in particular Listing Rule 11.1.3 (which allows the ASX to require an entity to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the Official List of the ASX).

The ASX noted in the ASX Letter that it will afford Orpheus a period of 6 months from the date of the ASX Letter to demonstrate to the ASX that it is compliant with Listing Rule 12.1. If Orpheus does not demonstrate compliance with this Listing Rule the ASX's satisfaction by 7 June 2015, the ASX may suspend Orpheus's securities from official quotation.

Orpheus will make a further announcement to the market in the very near term in regards to the Project. In regards to the ASX Letter, Orpheus will consult with the ASX and ensure the market is advised at all times in regards to progress with the Project, Listing Rule 11.1 implications and requirements of the ASX and its progress in demonstrating compliance with Listing Rule 12.1.

5.4 Debt recovery

Collections of the US\$8.2million as a result of the sale of Orpheus's 51% equity in the 6 entities listed in Section 5.1 have been slow. To date only US\$965,853 has been paid leaving an outstanding balance of US\$7,234,147. Consequently, consultation with Orpheus's Indonesian legal advisors, Orpheus extracted a personal legal undertaking from Mr Nugroho Suksmanto, majority owner of PT Mega Cola Group and related parties, whereby Mr Suksmanto personally committed to settle all outstanding debts by Mr Suksmanto, PT Mega Coal and related parties, and to indemnify Orpheus and related

parties against cost, loss or liability, suffered by Orpheus or related parties in the case of a breach of the project sales agreements.

The Orpheus Board has initiated action to expedite the recovery of outstanding monies owed by Mr Suksmanto and PT Mega Coal and Orpheus will keep shareholders updated. To this end, on 13 November 2014 Orpheus issued 17 notices to Mr Suksmanto and the Mega Coal Group for the payment of the balance amount owing. In the event the balance remains unpaid, Orpheus has clearly indicated in the notices that it will commence legal proceedings in Indonesia against Mega Coal Group and/or their managements (both civil and criminal), including but not limited to filing (i) a petition for declaration of bankruptcy; (ii) a notice of arbitration and/or (iii) a police report, in accordance with the prevailing laws and regulations.

5.5 Directors and Managers

Members of the Board of Directors have significant public company experience in the resources sector and a track-record of raising capital and developing operations.

The position of each director and as to whether or not they are considered to be independent is set out below. The board believe that the individuals on the board can and do make quality and independent judgments in the best interest of Orpheus and other stakeholders notwithstanding that they are not independent directors in accordance with the criteria set out in the ASX Corporate Governance Principles and Recommendations.

Mr Wayne Mitchell	
Role	Executive Chairman
Qualification	AASA, AAIM
Expertise	<p>Mr Wayne Mitchell is a qualified accountant with over 30 years of extensive senior management experience in the nature resource sector; both in Australia and in Southeast Asia. In the early 1970's, Mr Mitchell and two partners were the initial promoters and developers of Thailand's major zinc deposit located at Mae Sot, Northern Thailand. This resource is now owned and operated by a Thai public company Padaeng Industry Company Ltd. Mr Mitchell specializes in the areas of financial planning, fund raising and project evaluation.</p> <p>He is also a past Chairman of listed company Central Victorian Gold Mines N.L and a past director of Diversified Mineral Resources NL where he initiated and led the project team for the Burton Downs Coal project taken over by Portman Mining before being sold for more than \$200 million. Mr Mitchell was a co-founder and chairman of Coalworks, which was acquired by Whitehaven Coal.</p>
Independence	Non independent
Special responsibilities	Member of the Audit and Risk Committee
Interests in Shares and Options	12,990,823 Shares and 4,854,910 Options
Legal or disciplinary action	Nil
Insolvent companies	Nil

Mr David Smith	
Role	Executive Director
Qualification	B Econ, Dip Mgmt – Exec MBA
Expertise	<p>Mr Smith was previously an investment banker of 15 years' experience, and was most recently at BBY Limited, Australia and New Zealand's largest non-bank owned stockbroker, until 2011, where he was Head Equity Capital Markets and a member of the group's Executive and Risk Management Committees. Prior to BBY he worked at JPMorgan Chase and Ord Minnett.</p> <p>Mr Smith was regularly ranked as one of the Top 10 Australian Investment Bankers in the annual East Coles Surveys, and raised more than \$4 billion for corporate clients, maintaining regular Top 15 positions in the various Australian Investment Banking League Tables.</p> <p>With an extensive background in advising companies across all sectors, but particularly in the bulk commodities sectors of coal and iron ore, Mr Smith was also a founder and former Executive Director of ASX listed coal company Coalworks Limited, which was acquired by Whitehaven Coal for ~\$200m in June 2012.</p> <p>Mr Smith is a Non-Executive Director of Raw Capital Partners Holdings Limited, a Guernsey based, boutique international Asset Management business. He is also a founder and Director of a number of private companies in the property, recruitment and jewellery sectors with a focus on new technology and e-commerce.</p>
Independence	Non independent
Special responsibilities	Nil
Interests in Shares and Options	30,090,681 Shares and 2,513,512 options
Legal or disciplinary action	Nil
Insolvent companies	Nil
Mr Wesley Harder	
Role	Executive Director and Exploration Manager
Qualification	B Sc, Dip SIA, M Aus IMM
Expertise	Mr Harder is a former coal analyst with Jackson Ltd, stockbrokers, and has also worked with a number of other stockbrokers, including Ord Minnett and Frank Renouf. He has also worked as a field exploration geologist for fifteen years in Australia and its near neighbours including Sumatra and Irian Jaya in Indonesia, mainland Papua New Guinea and New British Island, many parts of the Solomon Islands and Fiji
Independence	Non independent
Special responsibilities:	Exploration Manager and Member of the Audit and Risk Committee.
Interests in Shares and Options	3,134,577 Shares 1,851,036 Options
Legal or disciplinary action	Nil
Insolvent companies	Nil

Mr Michael Rhodes	
Role	Non-Executive Director
Qualification	B Mining Eng
Expertise	Mr Rhodes is the President Director of PT Orpheus Energy in Indonesia. He is a highly experienced drilling engineer having worked around the world including South East Asia and the Middle East. Mr Rhodes has lived and worked in Indonesia for over 20 years and previously established a successful infrastructure and logistics company in Balikpapan.
Independence	Independent
Special responsibilities	Chairman of the Audit and Risk Committee
Interests in Shares and Options	1,503,334 Shares
Legal or disciplinary action	Nil
Insolvent companies	Nil

6. Purpose and effect of Offer on Orpheus

6.1 Purpose of Offer

The purpose of the Offer is to raise approximately \$1,120,000 before costs of the Offer.

The funds raised from the Offer are planned to be used in accordance with the table set out below.

Item	Proceeds of Offer	Full Subscription (\$)	%	10% subscribed (\$)	%
1.	Extinguishing debt owed to PT Baraindo	\$850,000	76%	\$571,293	93%
2.	Working capital*	\$229,126	20%	\$0	0%
3.	Costs of the Offer**	\$40,874	4%	\$40,874	7%
	Total	\$1,120,000	100%	\$612,167	100%

* Working capital will include funds required to recover outstanding money owed to Orpheus by Mr Nugroho Suksmanto and PT Mega Coal. Refer to Sections 5.1 and 5.4 for further detail on this liability.

**Costs of the Offer include the Underwriter's fees, legal fees, administrative expenses, ASX fees, ASIC fees and Share Registry fees. Refer to Section 9.15 for further details of the estimated expenses of the Offer.

In the event that circumstances change or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders.

In the event Shareholders do not take up the Entitlement, the Directors reserve the right to place the Shortfall at their discretion within 3 months after the close of the Entitlements Offer, subject to the ASX Listing Rules and any other applicable law. However, there is no guarantee that investors will be able to be identified. If Orpheus is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

6.2 Effect of the Offer

To illustrate the effect of the Offer on Orpheus, the pro-forma consolidated balance sheet has been prepared based on the audited Statement of Financial Position as at 30 June 2014. The pro-forma assumes that the Offer is fully subscribed.

The accounting policies adopted in preparation of the pro-forma consolidated balance sheet are consistent with the policies adopted and as described in Orpheus's financial statements for the year ended 30 June 2014.

The significant effects of the Offer (assuming the Offer is fully subscribed) will be to:

- (a) increase cash reserves by approximately \$1.080 million (after cash expenses of the Offer which are estimated to be \$41,000).
- (b) increase the number of Shares by 56,085,423 to 224,341,694, assuming a \$0.02 per New Share subscription price.

If an Eligible Shareholder does not take up their Entitlement in full it will result in their percentage holding in Orpheus being diluted by the Offer.

The financial information has been prepared by management and adopted by the Board. The Board is responsible for the inclusion of all financial information in the Prospectus.

The historical and pro-forma financial information has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and Orpheus's significant accounting policies. The historical and pro-forma financial information is presented in an abbreviated form insofar as it does not include all the disclosures and notes

required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act.

6.3 Pro Forma Statement of Financial Position

Set out below is the historical consolidated audited balance sheet of Orpheus as at 30 June 2014, and the pro forma historical consolidated balance Sheet of Orpheus as at 30 June 2014 (unaudited) assuming all Entitlements are accepted and includes estimated expenses of the Offer.

The significant accounting policies upon which the historical consolidated audited balance sheet and the pro forma historical consolidated balance sheet are contained in the 2014 Annual Financial Report.

The historical and pro-forma financial information is presented in an abbreviated form and does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Historical Consolidated	Pro - Forma Consolidated
	Balance Sheet 30 June 2014 \$	Balance Sheet 30 June 2014 \$
ASSETS		
Current assets		
Cash and cash equivalents	409,693	1,490,527
Trade and other receivables		8,672,165
Total current assets	9,081,858	10,162,692
Non-current assets		
Deposits paid	1,061,150	1,061,150
Property, plant and equipment	71,790	71,790
Financial assets	84,519	84,519
Total non-current assets	1,217,459	1,217,459
Total assets	10,299,317	11,380,151
LIABILITIES		
Current liabilities		
Trade and other payables	615,557	615,557
Employee benefits	92,625	92,625
Current tax liabilities	746,726	746,726
Borrowings	1,120,660	1,120,660
Total current liabilities	2,575,568	2,575,568
Total liabilities	2,575,568	2,575,568
Net assets	7,723,749	8,804,583
EQUITY		
Contributed equity	30,695,699	31,776,533
Reserves	975,594	975,594
Accumulated losses	(23,942,942)	(23,942,942)
Parent entity equity	7,728,351	8,809,185
Non-controlling interest	(4,602)	(4,602)
Total equity	7,723,749	8,804,583

Notes

1. Column 1 represents the historical consolidated audited balance sheet of Orpheus as at 30 June 2014.
2. Column 2 represents the pro forma historical consolidated balance sheet of Orpheus as at 30 June 2014, assuming that the Offer goes ahead and all Entitlements are taken up. The following events will occur resulting in total capital raised of approximately \$1.2 million:
 - (a) An Offer to raise approximately \$1,120,000 whereby Eligible Shareholders will be able to subscribe for 1 New Share for every 3 Shares at an issue price of \$0.02 cents per New Share.
 - (b) Costs of capital include legal and brokerage fees of approximately \$41,000.

6.4 Effect on capital structure

The effect of the Offer on the capital structure of Orpheus, assuming all Entitlements are accepted is set out below:

	Number of Shares	Number of Options
Shares and Options on issue as at the date of this Prospectus	168,256,271	10,089,458
New Shares offered pursuant to the Offer	56,085,423	Nil
Total Shares and Options on issue after completion of the Offer	224,341,694	10,089,458

7. Control Issues arising from the Offer

7.1 Present position

As at the date of this Prospectus, Orpheus's largest shareholder is David Smith, who currently holds 30,090,681 Shares, representing 17.88% of the Shares on issue prior to the date of this Prospectus.

7.2 Capital structure

Assuming full subscription under the Offer, the share capital structure of Orpheus immediately following the Offer (assuming the Offer is fully subscribed and no New Shares are issued on the basis of the exercise of Options prior to the Record Date) will be as follows:

Shares	
Shares on issue at the date of the Prospectus	168,256,271
Maximum number of New Shares to be issued under the Prospectus	56,085,423
Total	224,341,694

As at the date of this Prospectus, Orpheus has the following Options on issue:

Number of Options	Exercise price	Expiry date
10,089,458	\$0.0607	30 June 2016.

7.3 Potential effect of the Offer on control

The Offer is a pro-rata offer so that if all Eligible Shareholders take up their Entitlements and none of the Option holders exercise their existing options and participate in the Offer, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Offer on the control of Orpheus.

However, the proportional shareholdings of Shareholders who are not resident in Australia or New Zealand may be diluted as those Shareholders are not entitled to participate in the Offer. Additionally, if an Eligible Shareholder does not take up their Entitlement in full, there may be a dilutionary effect on that Shareholder's proportional shareholdings.

The Offer is partially underwritten by the Directors. Details of the Underwriting Agreement are contained in Section 9.10.

Depending on the take up of the Offer by existing Shareholders, the shareholding percentage of Directors in Orpheus may increase from 28.36% to a maximum, as a result of the Offer, of 35.15% under Scenario 2 below.

The following tables set out the voting power in Orpheus's Shares for the Directors under various scenarios of take-up of Entitlement and under the Underwriting Agreement.

Scenario 1 – 100% take up

Under Scenario 1, all Eligible Shareholders take up their Entitlements under the Offer and the Offer is fully subscribed. In this case, the Directors would maintain their existing interest in Orpheus.

Wayne Mitchell

Scenario 1 – Offer fully subscribed	Total for Company	Director holding – the Directors acquire only their Entitlement	
	Number of Shares	Number of Shares	Voting power
Shares on issue pre-Offer	168,256,271	12,990,823	7.72%
New Shares issued pursuant to the Offer	56,085,423	4,330,274	7.72%
Total Shares post-Offer	224,341,694	17,321,097	7.72%

David Smith

Scenario 1 – Offer fully subscribed	Total for Company	Director holding – the Directors acquire only their Entitlement	
	Number of Shares	Number of Shares	Voting power
Shares on issue pre-Offer	168,256,271	30,090,681	17.88%
New Shares issued pursuant to the Offer	56,085,423	10,030,227	17.88%
Total Shares post-Offer	224,341,694	40,120,908	17.88%

Wesley Harder

Scenario 1 – Offer fully subscribed	Total for Company	Director holding – the Directors acquire only their Entitlement	
	Number of Shares	Number of Shares	Voting power
Shares on issue pre-Offer	168,256,271	3,134,577	1.86%
New Shares issued pursuant to the Offer	56,085,423	1,044,859	1.86%
Total Shares post-Offer	224,341,694	4,179,436	1.86%

Michael Rhodes

Scenario 1 – Offer fully subscribed	Total for Company	Director holding – the Directors acquire only their Entitlement	
	Number of Shares	Number of Shares	Voting power
Shares on issue pre-Offer	168,256,271	1,503,334	0.89%
New Shares issued pursuant to the Offer	56,085,423	501,111	0.89%
Total Shares post-Offer	224,341,694	2,004,445	0.89%

Scenario 2 – 10% take up

Under Scenario 2, only 10% of subscriptions are received from Eligible Shareholders (other than the Directors as shareholder (their Entitlement and as Underwriter)).

Wayne Mitchell

Scenario 2 – Offer 10% subscribed	Total for Company	Director holding – Directors acquire their Entitlement and the Shortfall Shares pursuant to Underwriting Agreement	
		Number of Shares	Voting power
Shares on issue pre-Offer	168,256,271	12,990,823	7.72%
New Shares issued pursuant to the Offer	30,608,342	6,603,661	21.57%
Total Shares post-Offer	198,864,613	19,594,484	9.85%

David Smith

Scenario 2 – Offer 10% subscribed	Total for Company	Director holding – Directors acquire their Entitlement and the Shortfall Shares pursuant to Underwriting Agreement*	
		Number of Shares	Voting power
Shares on issue pre-Offer	168,256,271	30,090,681	17.88%
New Shares issued pursuant to the Offer	30,608,342	9,483,376	30.98%
Total Shares post-Offer	198,864,613	39,574,057	19.99%*

Wesley Harder

Scenario 2 – Offer 10% subscribed	Total for Company	Director holding – Directors acquire their Entitlement and the Shortfall Shares pursuant to Underwriting Agreement	
		Number of Shares	Voting
Shares on issue pre-Offer	168,256,271	3,134,577	1.86%
New Shares issued pursuant to the Offer	30,608,342	3,318,246	10.84%
Total post-Offer	198,864,613	6,452,823	3.24%

Michael Rhodes

Scenario 2 – Offer 10% subscribed	Total for Company	Director holding – Directors acquire their Entitlement and the Shortfall Shares pursuant to Underwriting Agreement	
		Number of Shares	Voting
Shares on issue pre-Offer	168,256,271	1,503,334	0.89%
New Shares issued pursuant to the Offer	30,608,342	2,774,498	9.06%
Total Shares post-Offer	198,864,613	4,277,832	2.15%

Orpheus understands that, should the Directors holding increase upon completion of the Offer, its present intentions are to procure that Orpheus will:

- (a) generally continue the business of Orpheus;
- (b) not make any material changes to the business of Orpheus; and
- (c) continue the employment of Orpheus's present employees.

7.4 *Takeovers provisions

Orpheus understands that Directors intend to rely on the "underwriting of fundraising" exception to section 606 of the Corporations Act (which prohibits certain acquisitions of relevant interests in a company's voting shares) in the event that their voting power in Orpheus increases as outlined above. In any event, the Directors will ensure their relevant interests in Orpheus's voting shares do not exceed 19.99% of all of the Shares in Orpheus after completion of the Offer.

8. Risk factors

8.1 Introduction

There are risks which may impact on the operating and financial performance of Orpheus and, therefore, on the value of the New Shares offered under this Prospectus. Some of these risks can be mitigated by Orpheus's systems and internal controls, but many are outside of the control of Orpheus and the Board. There can be no guarantee that Orpheus will achieve its stated objectives or that any forward-looking statements will eventuate. An investment in a business with limited operating history, such as Orpheus, is considered highly speculative and an investor could lose most or all of any investment. There are also general risks associated with any investment in shares.

More specifically, the risks are that:

- (a) the price at which the applicant is able to sell the New Shares is less than the price paid due to changes in market circumstances;
- (b) the applicant is unable to sell the New Shares;
- (c) Orpheus is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment; and
- (d) Orpheus fails to generate sufficient profit in order to pay dividends.

In the event of insolvency, the holders of fully paid ordinary Shares would not normally be liable to pay money to any person. An exception could occur where a distribution, such as a dividend, has been made to Shareholders in circumstances where Orpheus was unable at that time to meet the solvency test set out in the Corporations Act. In that case, a liquidator may call for a return of such distributions.

Potential investors should therefore carefully consider all associated risks before applying for New Shares under this Prospectus and should consider their personal circumstances (including financial and taxation issues) and seek advice from their stockbroker, accountant, solicitor or other professional advisers before deciding whether to invest.

A number of material risk factors which may adversely affect Orpheus and the value of the New Shares offered under this Prospectus are set out in this Section. This is not an exhaustive list and there may be other factors which have an adverse effect on Orpheus and the value of the Shares offered under this Prospectus.

8.2 Risks

(a) Risk from no current main undertaking

As at the date of this Prospectus, Orpheus has no main undertaking.

In a letter issued by the ASX on 7 November 2014, the ASX stipulated that if Orpheus proposes to enter into any transactions it must consult with the ASX so that the ASX may consider the application of Listing Rule 11.1 (proposed change to nature or scale of activities) and in particular Listing Rule 11.1.3 (which allows the ASX to require an entity to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the Official List of the ASX).

Consequently there is a risk that the acquisition of a new main undertaking will require Orpheus Shareholder approval or Orpheus to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the Official List of the ASX, i.e. like a back-door listing. In the event Orpheus is

required to meet the requirements of Chapters 1 and 2 of the Listing Rules and is not successful Orpheus will be delisted from the ASX. In the event Orpheus Shareholder approval is not forthcoming, Orpheus will need to identify a new main undertaking.

Listing Rule 12.1 provides that the level of Orpheus's operations must, in ASX's opinion, be sufficient to warrant the continue quotation of Orpheus's securities and its continued listing.

The ASX has advised that it will afford Orpheus a period ending on 7 June 2015 to demonstrate to the ASX that it is compliant with Listing Rule 12.1.

Consequently there is a risk that if Orpheus does not demonstrate compliance with this Listing Rule to the ASX's satisfaction by 7 June 2015, the ASX may suspend Orpheus's securities from official quotation. This could result in Orpheus being delisted.

Orpheus has progressed its due diligence and negotiations, which commenced a number of months ago, on this technology. Orpheus anticipates being in a position in the very near term to announce details of this matter to shareholders. On this matter, Orpheus is currently in discussions with the ASX in regards to the application of Listing Rule 11.1.

(b) Debt owed to PT Baraindo

Orpheus owes PT Baraindo of \$850,000.

As disclosed in Section 6.1, receipt of funds equal to the Underwritten Amount underwritten by the Directors and the Directors taking up their full Entitlement will not provide sufficient funds to enable Orpheus to extinguish the debt of \$850,000 owed to PT Baraindo (in the event no funds are received from Mr Nugroho Suksmanto and PT Mega Coal pursuant to the terms of the sales agreements signed on 1 July 2014) and Orpheus will require additional funding. The Directors reserve the right to place the Shortfall at their discretion within 3 months after the close of the Entitlements Offer, subject to the ASX Listing Rules and any other applicable law. However, there is no guarantee that investors will be able to be identified. If Orpheus is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(c) Litigation against Mr Nugroho Suksmanto and PT Mega Coal

Suksmanto and PT Mega Coal owe Orpheus US\$7,234,147.

As detailed in Section 5.4, the Orpheus Board has initiated action to expedite the recovery of outstanding monies owed by Mr Suksmanto and PT Mega Coal and Orpheus will keep shareholders updated. To this end, on 13 November 2014 Orpheus issued 17 notices to Mr Suksmanto and the Mega Coal Group for the payment of the balance amount owing. In the event the balance remains unpaid, Orpheus has clearly indicated in the notices that it will commence legal proceedings in Indonesia against Mega Coal Group and/or their managements (both civil and criminal), including but not limited to filing (i) a petition for declaration of bankruptcy; (ii) a notice of arbitration and/or (iii) a police report, in accordance with the prevailing laws and regulations. Such litigation may provide time consuming and costly. To this end, however, Orpheus has allocated part of the proceeds of the Offer allocated to 'working capital' to meet such costs.

(d) Industry downturn

Orpheus's possible future financial performance will be sensitive to the level of demand within the gold industry. The level of activity in the industry can be cyclical and sensitive to a number of factors beyond the control of Orpheus. In addition,

Orpheus may not be able to predict the timing, extent or duration of the activity cycles in the industry.

(e) **Environment risks**

Orpheus's future operations are likely to be subject to laws and regulations regarding environmental matters, including the discharge of any hazardous wastes or materials. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on Orpheus or any of its subsidiaries for damages, clean-up costs, or penalties in the event of certain discharges into the environment, or non-compliance with environmental laws or regulations. Orpheus proposes to minimise this possible risk by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and accepted industrial practices.

(f) **Changes in commodity price**

Orpheus's possible future revenues will likely be derived mainly from the sale of resources or commodities and products derived from tenements. Consequently, Orpheus's potential future earnings could be closely related to the price of these commodities. Gold prices fluctuate and are affected by numerous industry factors including demand for forward selling producers, production cost levels in major producing regions and macroeconomic factors, eg, inflation, interest rates and currency exchange rates. If the market price of derivatives sold by Orpheus were to fall below the costs of production and remain at such a level for any sustained period, Orpheus would experience losses and could have to limit or suspend some or all of its proposed mining activities. In such circumstances, Orpheus would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

(g) **Unforeseen expenditure risk**

There is a risk that there may be an unforeseen increase in costs for the items of the use of funds as set out in this Prospectus. Any increase in the actual costs may impact Orpheus's ability to fully undertake the work that it proposes to undertake as set out in this Prospectus.

(h) **Insurance**

Orpheus's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Orpheus.

(i) **Economic**

The financial performance and value of Orpheus may be influenced by various economic factors such as commodity prices, inflation, interest rates, domestic and international economic growth, taxation policies, legislative change, political stability, stock market conditions in Australia and elsewhere, changes in investor sentiment towards particular market sectors, exchange rate fluctuations and acts of terrorism.

(j) **Market**

The market price of Orpheus's securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, mining and mining services stocks, which may be unrelated to the operating

performances of such companies. Applicants should be aware that there are risks associated with any securities investment. Neither Orpheus nor the Directors warrant the future performance of Orpheus or any return on an investment in Orpheus.

(k) Future capital requirements

While the Directors believe that Orpheus will have sufficient funds to fund its activities in the short term, there can be no assurance that Orpheus will not seek to exploit business opportunities of a kind which will require it to raise additional funding from equity or debt sources. There can be no assurance that Orpheus will be able to raise such funding on favourable terms or at all.

Any additional equity raising may dilute the interest of Shareholders and any debt financing may involve financial covenants which limit Orpheus's operations. If Orpheus is unable to obtain such additional funding, Orpheus may be required to reduce the scope of any expansion, which could adversely affect its financial performance.

(l) Reliance on key personnel and employees

Orpheus's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

To manage its operations and future growth, Orpheus needs to retain its existing key personnel and may need to attract and retain additional highly qualified management, corporate and operational personnel. The loss of key personnel, or the failure to recruit high calibre additional personnel, could have a materially adverse effect on Orpheus.

(m) Liquidity and realisation

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be a relatively limited number of buyers, or a relatively large number of sellers, on ASX at any given time. This may increase the volatility of the market price of the 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 than the price paid for their Shares.

(n) Changes in government policies and legislation

Any material adverse changes in government policies or legislation of Australia or any other country where Orpheus may acquire economic interests may affect the viability and profitability of Orpheus.

The above list of risk factors is not an exhaustive list of the risks relevant to Orpheus. These risks (and others not specifically referred to above) may materially affect the financial performance of Orpheus and the value of its Shares.

9. Additional Information

9.1 Transaction specific Prospectus

Orpheus is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, Orpheus is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Prospectus is issued under section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by ASX at all times during the three months before the date of the Prospectus or options to acquire such securities. Apart from formal matters, this Prospectus needs only to contain information relating to the terms and conditions of the Offer, the effect of the Offer on Orpheus and the rights and liabilities attaching to the New Shares.

Copies of the documents lodged by Orpheus with ASIC may be obtained from, or inspected at an office of ASIC.

Orpheus will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date in relation to this Prospectus:

- (a) the annual financial report for Orpheus for the year ended 30 June 2014; and
- (b) any other financial statements lodged in relation to Orpheus with ASIC and any continuous disclosure notices given by Orpheus to ASX, in the period starting immediately after lodgement of the annual financial report for Orpheus for the year ended 30 June 2014 and ending on the date of lodgement of this Prospectus with ASIC.

9.2 ASX announcements

The following announcements (continuous disclosure notices) have been made by Orpheus to ASX since 1 January 2014.

Date	Headline
20/11/2014	Ceasing to be a substantial holder
14/11/2014	Change in substantial holding from WHC
11/11/2014	Change in Substantial Shareholding
11/11/2014	Becoming a Substantial Shareholder
10/11/2014	Change of Director's Interest Notice x 4
10/11/2014	Appendix 3B
07/11/2014	Results of Annual General Meeting
07/11/2014	Chairman's Address to Shareholders
31/10/2014	Quarterly Activities and Cashflow Report September 2014
08/10/2014	Lapse of Unlisted Options and Updated Appendix 3B
07/10/2014	Notice of Annual General Meeting/Proxy Form
01/10/2014	Orpheus annual report 2014
14/08/2014	Results of General Meeting
13/08/2014	Lapse of Unlisted Options and Updated Appendix 3B
30/07/2014	Quarterly Activities and Cashflow Report June 2014
28/07/2014	Replacement Appendix 3B
10/07/2014	Notice of General Meeting and Proxy Form

01/07/2014	Orpheus Sells Non-Performing Projects for US\$8.2 Million
06/06/2014	Change in substantial holding
30/04/2014	Quarterly Activities and Cashflow Report March 2014
11/04/2014	Anthony King Final Director's Interest Notice
11/04/2014	Director and Company Secretary Appointment/Resignation
17/03/2014	Half Yearly Report and Accounts
13/03/2014	Half Yearly Accounts
07/02/2014	Options Cancelled
31/01/2014	Quarterly Activities and Cashflow Report December 2013
20/01/2014	Appendix 3Y – Michael Rhodes
20/01/2014	Appendix 3B

Any person may request, and Orpheus will provide free of charge, a copy of any of the above announcements during the application period of this Prospectus.

Orpheus may make further announcements to ASX from time to time. Copies of announcements are released by ASX on its website, www.asx.com.au, (ASX Code: OEG). Copies of announcements can also be obtained from the Orpheus website www.orpheus.com.au.

9.3 Share prices

The highest and lowest prices of Shares in Orpheus on the ASX during the six month period before the date of this Prospectus are set out below:

	Price	Dates
Highest	\$0.04	15 October 2014
Lowest	\$0.021	20 November 2014

9.4 Rights and liabilities attaching to New Shares

There is only one class of Share on issue in Orpheus, being fully paid ordinary Shares. The rights and liabilities attaching to Shares are:

- (a) set out in the Constitution of Orpheus; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules (formerly the ASTC Settlement Rules) and the general law.

The following is a broad summary of the rights and liabilities attaching to all Shares including New Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

Voting

At a general meeting of Orpheus on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

Dividends

The Shares will rank equally with all other issued Shares in the capital of Orpheus and will participate in dividends out of profits earned by Orpheus from time to time. Subject to the rights of holders of Shares of any special preferential or qualified rights attaching thereto, the profits of Orpheus are divisible amongst the holders of Shares in proportion to the Shares held by them irrespective of the amount paid up or credited as paid up thereon. The

Directors may from time to time pay to Shareholders such interim dividends as in their judgement the position of Orpheus justifies.

Winding up

Upon paying the application monies, Shareholders will have no further liability to make payments to Orpheus in the event of Orpheus being wound up pursuant to the provisions of the Corporations Act.

Transfer of securities

Generally, the Shares in Orpheus will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX.

The Directors may decline to register any transfer of Shares but only where permitted to do so under its Constitution or the Listing Rules.

Sale of non-marketable holdings

Orpheus may take steps in respect of non-marketable holdings of Shares in Orpheus to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings.

Orpheus may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the Listing Rules.

Full details of the rights and liabilities attaching to Shares are set out in Orpheus's Constitution, a copy of which can be inspected, free of charge, at Orpheus's registered office during normal business hours.

9.5 Corporate governance

Orpheus reports on its compliance with the recommendations made by the Corporate Governance Principles and Recommendations in its annual report. Where Orpheus's corporate governance practices do not correlate with the practices recommended by the ASX Corporate Governance Council, Orpheus is working towards compliance, however it does not consider that all practices are appropriate for Orpheus due to the size and scale of Orpheus's operations.

9.6 Directors' interests

The nature and extent of the interest (if any) that any of the Directors of Orpheus holds, or held at any time during the last two years in:

- (a) the formation or promotion of Orpheus;
- (b) property acquired or to be acquired by Orpheus in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
 - (iii) the Offer,

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director:

- (a) to induce them to become, or to qualify as, a Director of Orpheus; or
- (b) for services provided by a director in connection with:
 - (i) the formation or promotion of Orpheus; or
 - (ii) the Offer.

Set out below are details of the interest of the Directors in the securities of Orpheus immediately prior to lodgement of the Prospectus with ASIC. Interest includes those securities held directly and indirectly. The table takes into account any New Shares the directors may acquire under the Offer or under the Underwriting Agreement.

Director	Number of Shares	Number of Options	Number of Entitlement Shares	Number of Underwritten Shares under the Underwriting Agreement
Wayne Mitchell	12,990,823	4,854,910	4,330,274	2,273,387
David Smith	30,090,681	2,513,512	10,030,227	2,273,387
Wesley Harder	3,134,577	1,851,036	1,044,859	2,273,387
Michael Rhodes	1,503,334	-	501,111	2,273,387

* The number of Underwritten Shares taken up by David Smith under the Underwriting Agreement may be scaled back to ensure that David Smith holds no more than 19.99% of the voting rights in Orpheus. See Sections 7.3 and 7.4 for further detail.

9.7 Directors' fees

Set out below is the remuneration paid to the current Directors of Orpheus and their associated entities for the past two years.

1 July 2012 – 30 June 2013

Director	Salary/fees	Options	Superannuation	Total
Wayne Mitchell	250,000	-	22,500	272,500
David Smith	210,583	-	18,952	229,535
Wesley Harder	165,000	-	14,850	179,850
Michael Rhodes	22,500	-	2,025	24,525

1 July 2013 – 30 June 2014*

Director	Salary/fees	Options	Superannuation	Total
Wayne Mitchell	250,000	59,369	23,134	332,493
David Smith	210,609	30,737	20,221	269,567
Wesley Harder	165,000	22,636	15,263	202,899
Michael Rhodes	160,656	-	2,775	163,431

* At 30 June 2014 Salary/fees of \$182,873 included in the above table were unpaid

9.8 Substantial holders

The following are details of those Shareholders who held more than 5% of the Shares on issue prior to the date of this Prospectus:

Substantial holder	Number of Shares	%	Number of Options
David Smith	30,090,681	17.88%	2,513,512
Coalworks Limited	15,606,026	9.28%	–
Wayne Mitchell	12,990,823	7.72%	4,854,910

Please refer to Section 7 for further details of the effect of the Offer on the control of Orpheus. As at the date of this Prospectus, there are no other Shareholders who hold more than 5% of the Shares on issue.

9.9 Related party transactions

From time to time Orpheus may be party to transactions with related parties including:

- (a) employment and service arrangements; and
- (b) payment of Directors' fees.

Orpheus believes that it has made appropriate disclosure of past related party transactions and other than any further disclosure specifically set out below or made elsewhere in this Prospectus does not intend to make any further disclosure of such transactions which transactions will have either proceeded on an "arm's length" basis, reasonable remuneration basis or been approved by Shareholders in general meeting.

Orpheus discloses the following transactions with related parties which have either proceeded on an "arm's length" or reasonable remuneration basis. The transactions are:

- (a) the Underwriting Agreement with the Directors;
- (b) proposed capital issues to Directors or interests associated with Directors;
- (c) employment agreements with related parties; and
- (d) payment of Directors' fees to Non-executive Directors.

9.10 Underwriting Agreement

Orpheus has entered into the Underwriting Agreement with the Directors. Pursuant to the Underwriting Agreement, the Directors have agreed to partially underwrite the Shortfall of up to 9,093,548 New Shares, representing \$181,871 or 16.21% of the Offer.

Orpheus will pay the Directors a nominal fee of \$4.00 in connection with the Director's agreement to partially underwrite the Offer. The Directors are not entitled to terminate the Underwriting Agreement for any reason.

The Underwriting Agreement contains no warranties, undertaking or indemnities of Orpheus to the Directors as the Underwriters.

Orpheus and the Directors may consider applications for Additional New Shares and Orpheus may accept any application for Additional Shares as agreed by Orpheus and the Directors.

Orpheus and the Underwriter agree that should Orpheus introduce a third party who wishes to take up Shortfall Shares (**Third Party Investor**), then Orpheus shall be entitled to issue

to the Third Party Investor that number of Shortfall Shares as agreed by Orpheus and the Underwriter in accordance with the Underwriting Agreement, the *Corporations Act* and Listing Rules.

9.11 Interests of experts and advisers

This Section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of Orpheus and stockbrokers or arrangers (but not sub-underwriters) to the Offer (collectively **Prescribed Persons**).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last two years, any interest in:

- (a) the formation or promotion of Orpheus;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of Orpheus or the Offer; or
- (c) the Offer of New Shares under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of Orpheus; or
- (b) offer of New Shares under this Prospectus.

HWL Ebsworth Lawyers is acting as solicitors to the Offer and have performed work in relation to the Prospectus. In doing so, HWL Ebsworth Lawyers has placed reasonable reliance upon information provided to them by Orpheus. HWL Ebsworth Lawyers does not make any statement in this Prospectus. In respect of this work, Orpheus estimates that it will pay approximately \$25,000 (excluding disbursements and GST) to HWL Ebsworth Lawyers. Further amounts may be paid to HWL Ebsworth Lawyers in accordance with its normal time based charges.

9.12 Subsequent events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of Orpheus to affect substantially:

- (a) the operations of Orpheus,
- (b) the results of those operations; or
- (c) the state of affairs of Orpheus.

9.13 Taxation

It is the responsibility of all applicants to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the New Shares. Taxation consequences will depend on particular circumstances.

Neither Orpheus nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the New Shares in Orpheus or dealing with an Entitlement under the Offer.

9.14 Litigation

Orpheus is not engaged in any litigation which has or would be likely to have a material adverse effect on either Orpheus or its business. Please refer to Section 5.4 however, which details the potential litigation to recover the amount of US\$7,234,147 from Mr Nugroho Suksmanto and PT Mega Coal.

9.15 Costs of the Offer

If the Offer is fully subscribed, the total expenses of the Offer are estimated to be \$40,874 (excluding GST) and are expected to be applied towards the items set out in the table below:

ASIC fees	\$2,300
ASX fees	\$5,100
Underwriter's fees	\$4
Legal fees	\$25,000
Share Registry fees	\$8,470.00
Total	\$40,874

9.16 Consents and disclaimers

Boardroom Pty Limited has given and has not withdrawn its consent to be named in this Prospectus as the Share Registry of Orpheus in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than the references to its name.

HWL Ebsworth Lawyers has given and has not withdrawn its consent to be named in this Prospectus as solicitors to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

9.17 Directors' statement

This Prospectus is issued by Orpheus Energy Limited. Each Director has consented to the lodgement of the Prospectus with ASIC.

Signed on the date of this Prospectus on behalf of Orpheus Energy Limited by:



Wayne Mitchell
Executive Chairman
Orpheus Energy Limited

10. Glossary

In this Prospectus, the following terms and abbreviations have the following meanings, unless the context otherwise requires:

Additional New Shares	Those New Shares which Eligible Shareholders may apply for under this Prospectus in excess of their Entitlement, in the event that there is a Shortfall.
AEST	Australian Eastern Standard Time.
Application Monies	The Offer Price multiplied by the number of New Shares applied for
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange (as applicable).
ASX Settlement Operating Rules	The official settlement operating rules of the ASX.
Board	The Board of Directors of Orpheus.
Business Day	A day, other than a Saturday or Sunday, on which banks are open for general banking business in Brisbane.
Closing Date	The date by which valid acceptances must be received by the Share Registry being 5:00pm (AEST) on 19 December 2014 or such other date determined by the Board.
Company or Orpheus	Orpheus Energy Limited ACN 121 257 412.
Constitution	The Constitution of Orpheus.
Corporate Governance Principles and Recommendations	Corporate Governance Principles and Recommendations 3rd Edition released by the ASX Corporate Governance Council in March 2014 (as amended).
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Directors	The Directors of Orpheus from time to time.
Eligible Shareholder	A Shareholder of Orpheus who holds Shares in Orpheus on the Record Date and has been determined by Orpheus to be eligible to participate in the Offer. For on-market trades, only those Shareholders who hold Shares on the Record Date that acquired Shares prior to the "ex date" will be considered Eligible Shareholders.
Entitlement and Acceptance Form or Form	An entitlement and acceptance form in the form accompanying this Prospectus.
Entitlement	The entitlement to accept New Shares under this Prospectus.
Excluded Information	Information which is excluded from a continuous disclosure notice required by the Listing Rules that would otherwise require disclosure pursuant to section 713(5) of the Corporations Act.
Listing Rules	The official listing rules of the ASX.
New Shares	The Shares offered under this Prospectus.
Offer	The offer and issue of New Shares in accordance with this Prospectus.
Offer Price	\$0.02 for each New Share applied for.
Official List	The official list of entities that ASX has admitted and not removed.

Official Quotation	Quotation on the Official List.
Opening Date	1 December 2014.
Options	Options to acquire Shares.
Option holders	The holders of Options from time to time.
Prospectus	This Prospectus as modified or varied by any supplementary prospectus made by Orpheus and lodged with ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus.
Record Date	5:00pm (AEST) on 27 November 2014.
Section	means a section in this Prospectus.
Share Registry	Boardroom Pty Limited.
Shares	The ordinary shares on issue in Orpheus from time to time.
Shareholders	The holders of Shares from time to time.
Shortfall	Will occur if Orpheus does not hold successful valid Entitlement and Acceptance Form or Forms for all New Shares offered by Orpheus under this Prospectus by the Closing Date.
Timetable	The timetable for the Offer contained at Section 1.2.
Underwriters	The Directors.
Underwriting Agreement	The underwriting agreement between Orpheus and the Directors, summarised in Section 9.10.
Underwritten Amount	The amount of \$181,871 representing 9,093,548 New Shares underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement.
Underwritten Shares	The 9,093,548 New Shares representing an amount of \$181,871 underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement.

Corporate directory

Company – Office & Headquarters

Orpheus Energy Limited
Level 12, 129 Elizabeth Street
Sydney, NSW 2000

Board of Directors

Name	Position
Wayne Mitchell	Executive Director
David Smith	Executive Director
Wesley Harder	Executive Director
Michael Rhodes	Non-Executive Director

Company Secretary

David Smith

ASX Code

OEG

Legal Advisor to the Offer

HWL Ebsworth Lawyers
Level 23, 123 Eagle Street
Brisbane, QLD 4000

Auditors

Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW 2000

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000



ORPHEUS
ENERGY

ACN 121 257 412

BoardRoom

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Tel: 1300 737 760 (within Aust)
Tel: + 61 2 9290 9600 (outside Aust)
Fax: + 61 2 9279 0664

www.boardroomlimited.com.au
enquiries@boardroomlimited.com.au

RIGHTS ISSUE ENTITLEMENT AND ACCEPTANCE FORM

Name 1
Name 2
Name 3
Name 4
Name 5
Name 6

Entitlement No.

Subregister

SRN/HIN.

Number of Shares held at 5pm
on 27 November 2014

Offer Closes: 5pm AEST 19 December 2014

NON-RENOUNCEABLE ISSUE OF UP TO 56,085,423 NEW SHARES AT AN ISSUE PRICE OF \$0.02 CENTS EACH ON THE BASIS OF 1 NEW SHARE FOR EVERY 3 ORDINARY SHARES HELD, PAYABLE IN FULL UPON ACCEPTANCE OF THIS OFFER.

A Rights Acceptance

If you wish to accept your **FULL ENTITLEMENT** please complete and return this form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**. The return of this form by the close date with payment will constitute acceptance of the Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

Entitlement to New Shares on the basis of One New Share for every Three Ordinary Shares held	Price Per Share	Amount Payable for Full Acceptance, at \$0.02 per New Share
	\$0.02 per Share =	

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY** please complete this form showing in the box below the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of New Shares accepted	Price Per Share	Amount Enclosed
	\$0.02 per Share =	\$

B Apply for additional shares (if available)

If you wish to apply for additional shares to your Rights Entitlement above please insert the number of shares in the box below and the appropriate amount payable. These additional shares will only be allotted if available.

Number of Additional Shares Applied for	Price Per Share	Amount Enclosed
	\$0.02 per Share =	\$

C Payment

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Orpheus Energy Limited Share Registry. Payments cannot be made at any bank.

Payment Option 1 - BPAY



Billers Code: XXXX
Ref: «BPayCRN»

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: www.bpay.com.au

© Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY please contact your participating financial institution
- If paying by BPAY you do not need to return the Application Form
- If paying by BPAY the amount of your payment received in the account divided by the issue price will be deemed to be the total number of shares you are applying for.

Payment Option 2 – Cheque (Record cheque details below)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to "Orpheus Energy Limited" and crossed "Not Negotiable".
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

D Contact Details

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	()	()	

By submitting this Application Form or by using the BPAY facility to accept the Offer, I/We represent and warrant that I/we have read and understood the Prospectus to which this Application Form relates and declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Orpheus Energy Limited and agree to the terms and conditions of the Offer under this Prospectus. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in this Prospectus when making my/our decision to invest.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART

Multiply the number of New shares for which you are accepting by \$0.02 then fill in the acceptance details, where necessary, in the space provided on the front of this form. Complete your cheque details on the front of this form and send your cheque/draft and completed form to:

Boardroom Pty Limited GPO Box 3993 SYDNEY NSW 2001	Telephone No. 02 9290 9600 Facsimile No. 02 9279 0664
--	--

If you do not deal with your entitlement it will lapse at 5.00 pm AEST on 19 December 2014.

PAYMENT

Cheque or Draft

All cheques or drafts (expressed in Australian currency) are to be made payable to "Orpheus Energy Limited" and crossed "Not Negotiable".

BPAY

If you make payment using BPAY you must contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information: www.bpay.com.au. Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before 5.00 pm AEST on 19 December 2014.

PAYMENT - OVERSEAS RESIDENTS

Overseas shareholders who are permitted to apply for shares must obtain a draft in Australian currency payable on a bank in Australia, or where the shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia.

The Australian currency draft should be attached to your completed form and the document mailed to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

OVERSEAS SHAREHOLDERS ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the acceptance deemed to be invalid.

INTERPRETATION

Terms used in this Entitlement and Acceptance Form have the same meaning as defined in the Prospectus.

CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHESSE holders must notify your sponsoring broker for amendments to holdings on the CHESSE Subregister.

CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY		
SIGN HERE FOR ADDRESS AMENDMENTS:		

Shareholder 1 (Individual) /
Sole Director & Sole Company
Secretary

Joint Shareholder 2 (Individual) /
Director

Joint Shareholder 3 (Individual) /
Director/Company Secretary
(Delete one)

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal

information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/privacy.html>).

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Orpheus Energy Limited ACN 121 257 412

ABN

67 121 257 412

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Ordinary |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Subject to rounding, 56,085,423 ordinary fully paid shares (based on the undiluted share capital of the company as at the date of this notice) under the entitlement issue announced on 21 November 2014. Offer is 1 share for every 3 shares held (Proposed Rights Offer). |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Shares will be on identical terms as existing ordinary fully paid shares. Issued at \$0.02 per share. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p>	<p>The shares will rank equally with existing fully paid ordinary shares from the date of allotment.</p>
<p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	
<p>5 Issue price or consideration</p>	<p>\$0.02 per share</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The capital raised from the Proposed Rights Offer will be directed towards extinguishing a debt relating to its coal business, working capital and to pay the costs of the Rights Offer.</p>
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>
<p>6c Number of ⁺securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>
<p>6d Number of ⁺securities issued with security holder approval under rule 7.1A</p>	<p>N/A</p>
<p>6e Number of ⁺securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)</p>	<p>N/A</p>

+ See chapter 19 for defined terms.

6f	Number of +securities issued under an exception in rule 7.2	N/A	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A	
7	<p>+Issue dates</p> <p><small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</small></p> <p><small>Cross reference: item 33 of Appendix 3B.</small></p>	Proposed Rights Offer – 30 December 2014	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number 224,341,694	+Class Fully paid ordinary shares (includes under the Proposed Rights Offer)
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	10,089,458	Unlisted options expiring on 30 June 2017 exercisable at \$0.0607
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Pro rata issue

+ See chapter 19 for defined terms.

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11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 new share for every 3 shares held at the Record Date
14	+Class of +securities to which the offer relates	Ordinary fully paid shares
15	+Record date to determine entitlements	5:00pm (AEST) 27 November 2014
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Fractional entitlement will be rounded up
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	All countries other than Australia and New Zealand, unless otherwise determined by the directors
19	Closing date for receipt of acceptances or renunciations	19 December 2014
20	Names of any underwriters	The Proposed Rights Offer is partially underwritten up to \$181,871, representing 16.21% of the total Proposed Rights Offer, by the Directors
21	Amount of any underwriting fee or commission	\$4.00
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A

+ See chapter 19 for defined terms.

25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	1 December 2014
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A as the options on issue cannot be exercised during the period of the Proposed Rights Offer
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Issue date	30 December 2014

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ⁺Securities described in Part 1

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

⁺ See chapter 19 for defined terms.

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Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought N/A

39 +Class of +securities for which quotation is sought N/A

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

N/A

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

N/A

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	N/A	N/A

+ See chapter 19 for defined terms.

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

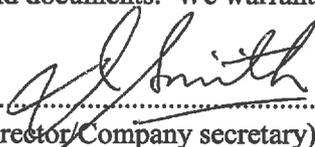
2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

 Date: 21 November 2014
(Director/Company secretary)

Print name: David Smith

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+ See chapter 19 for defined terms.