VENTNOR RESOURCES LIMITED

ACN 142 014 873

NON-RENOUNCEABLE RIGHTS ISSUE
OFFER DOCUMENT

A non-renounceable pro rata fully underwritten offer of New Shares at an issue price of $0.015 each on the basis of one New Share for every two Shares held on the Record Date.

Fully underwritten by CPS Capital Group Pty Ltd

THE OFFER IS CURRENTLY SCHEDULED TO CLOSE AT 5.00PM WST ON 7 OCTOBER 2016
VALID APPLICATION FORMS MUST BE RECEIVED BEFORE THAT TIME.

PLEASE READ THE INSTRUCTIONS IN THIS RIGHTS ISSUE OFFER DOCUMENT AND ON THE ENTITLEMENT AND ACCEPTANCE FORM REGARDING ACCEPTANCE OF SHARES UNDER THE OFFER.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY. IT IS NOT A PROSPECTUS AND DOES NOT CONTAIN ALL OF THE INFORMATION THAT AN INVESTOR WOULD FIND IN A PROSPECTUS OR WHICH MAY BE REQUIRED IN ORDER TO MAKE AN INFORMED INVESTMENT DECISION REGARDING, OR ABOUT THE RIGHTS ATTACHING TO, THE SHARES BEING OFFERED BY THIS DOCUMENT

THE SHARES OFFERED BY THIS RIGHTS ISSUE OFFER DOCUMENT SHOULD BE CONSIDERED SPECULATIVE IN NATURE

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

IMPORTANT INFORMATION

This Rights Issue Offer Document is dated 19 September 2016.

The Offer is being made without a prospectus under section 708AA of the Corporations Act 2001 and ASIC Corporations (Non-Trading Rights Issues) Instrument 2016/84. This Rights Issue Offer Document does not contain all of the information which a prospective investor may require to make an informed investment decision. The information in this Rights Issue Offer Document does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

The Company may make additional announcements after the date of this Rights Issue Offer Document and throughout the period that the Offer is open that may be relevant to your consideration about whether you should participate in the Offer.

No party other than the Company has authorised or caused the issue of this Rights Issue Offer Document, or takes any responsibility for, or makes, any statements, representations or undertakings in this Rights Issue Offer Document.

Neither the Company nor any other person warrants or guarantees the future performance of the Company or any return on any investment made under this Rights Issue Offer Document. Neither ASX nor ASIC takes any responsibility for the contents of this Rights Issue Offer Document or the merits of the investment to which this Rights Issue Offer Document relates.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Rights Issue Offer Document and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Rights Issue Offer Document.

Capitalised terms in this section have the meaning given to them in this Information Booklet.

Eligibility

Applications for New Shares by Eligible Shareholders can only be made on the original Entitlement and Acceptance Form, as sent with this Rights Issue Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Offer.

Overseas Shareholders

No Offer will be made to Shareholders resident outside Australia and New Zealand.

This Rights Issue Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Rights Issue Offer Document. The distribution of this Rights Issue Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Rights Issue Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Privacy

The Company collects information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each applicant agrees that the Company may use the information provided by an applicant on the Entitlement and Acceptance Form for the purposes in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

An applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. The Company considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares under this Rights Issue Offer Document or the subsequent disposal of any New Shares. The Company recommends that you consult your professional tax adviser in connection with the Offer.

No representations

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Rights Issue Offer Document. Any information or representation in connection with the Offer not contained in the Rights Issue Offer Document may not be relied upon as having been authorised by the Company or any of its officers.

Past performance

Investors should note that the Company's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including the Company's future financial position or share price performance.

Future performance

This Rights Issue Offer Document contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of the Company and certain plans and objectives of the management of the Company. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither the Company, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, those forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of the Company. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Rights Issue Offer Document in light of those disclosures.

Risks

Refer to the 'Risk factors' section 4 of this Rights Issue Offer Document.

Not a prospectus

This document is not a prospectus and has not been lodged with ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares being offered by this document.

Table of Contents

1. Offer Overview and Indicative Timetable 1

1.1 Offer Overview 1

1.2 Indicative Timetable 1

2. Details of Offer 2

2.1 Offer 2

2.2 Use of Funds 3

2.3 No Rights trading 3

2.4 ASX quotation 3

2.5 Risk Factors 3

2.6 Underwriting 4

2.7 Effect of the Offer on control of the Company 4

2.8 Option Holders 5

2.9 Effect on the Company's financial position 5

2.10 Taxation implications 6

2.11 Overseas Shareholders 7

2.12 CHESS and issuer sponsorship 7

2.13 Enquiries 8

3. Action Required 9

3.1 Acceptance of Shares under this Rights Issue Offer Document 9

3.2 If you wish to take up only part of your entitlement 9

3.3 If you do not wish to take up your entitlement 10

4. Risk Factors 11

4.1 Company Specific Risks 11

4.2 General Mineral Industry Risks 13

4.3 Investment Speculative 17

5. Additional Information 18

5.1 Underwriting agreement 18

5.2 Directors' interests in Company securities and sub-underwriting obligations 21

6. Corporate Directory 23

7. Glossary of Terms 24

1. Offer Overview and Indicative Timetable

1.1 Offer Overview

Overview	
Ratio	1 New Share for every 2 Shares held on the Record Date
Issue Price	$0.015 per New Share
No. New Shares	Approximately 68,798,553 New Shares
Proceeds	Approximately $1.032 million (before costs of the Offer)

1.2 Indicative Timetable

Event	Date
Lodgment of Appendix 3B and s708AA notice	19 September 2016
Notices to Shareholders and Optionholders	19 September 2016
Existing Shares quoted on an "ex" basis	21 September 2016
Record Date	22 September 2016
Rights Issue Offer Document and Entitlement and Acceptance Form sent to Eligible Shareholders	27 September 2016
Closing Date	7 October 2016
Shares quoted on a deferred settlement basis	10 October 2016
Company to notify ASX of under subscriptions (if any)	12 October 2016
Anticipated date for the issue of the New Shares	14 October 2016
Deferred settlement trading ends	14 October 2016
Normal trading (on a T+2 basis) commences	17 October 2016

Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares.

2. Details of Offer

2.1 Offer

The Company is making a non-renounceable pro-rata offer of Shares to Shareholders whose registered address is in Australia and New Zealand (**Eligible Shareholders**) on the basis of one New Share for every two Shares held at the Record Date, each at an issue price of $0.015 (**Offer**). Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share. The Offer is fully underwritten by CPS Capital Group Pty Ltd (**Underwriter**).

As at the Record Date, the Company will have 137,597,105 Shares on issue. The Company expects that up to approximately 68,798,552 New Shares will be issued under the Offer.

The Company will accept Entitlement and Acceptance Forms until 5.00pm WST on the Closing Date in Section 1.2 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the ASX Listing Rules.

Your entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this Rights Issue Offer Document. You may accept the Offer only by applying for Shares on the Entitlement and Acceptance Form.

Acceptances must not exceed your entitlement as shown on the Entitlement and Acceptance Form, although you may accept for all or only part of your entitlement. If your acceptance exceeds your entitlement, acceptance will be deemed to be for your maximum entitlement and any surplus application monies will be returned to you.

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the applicant and the Company for the number of Shares accepted or deemed to be accepted by the applicant. The Entitlement and Acceptance Form does not need to be signed by the applicant to be legally binding. The Offer and contract formed on acceptance are governed by the laws of Western Australia.

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

Shares offered by this Rights Issue Offer Document are expected to be issued, and security holder statements dispatched, on the date specified in the timetable in Section 1.2.

It is the responsibility of applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

2.2 Use of Funds

It is proposed that the proceeds raised from the Offer be allocated as follows:

Proposed use of funds	Amount ($)
Conducting further review, evaluation and exploration programs on the Company's existing projects	650,000
Expenses of the Offer	75,878
General working capital and administration	306,100
Total funds raised under the offer	$1,031,978

Actual expenditure may differ significantly from the above estimates due to a number of factors including market conditions, the development of new opportunities (including new resource projects), the results obtained from the staged approach to exploration, appraisal and development activities and other factors.

The above table is a statement of the Company's current intentions as at the date of this Rights Issue Offer Document. As with any budget, intervening events including the outcome of exploration activities and other new circumstances have the potential to affect the manner in which funds are ultimately applied.

On this basis the Board reserves the right to alter the way funds are applied.

2.3 No Rights trading

The pro-rata offer of Shares is non-renounceable, which means that Eligible Shareholders may not sell or transfer all or any part of their entitlement to subscribe for New Shares under the Offer.

2.4 ASX quotation

Application will be made to ASX for the Official Quotation of the Shares to be issued under the Offer. If permission is not granted by ASX for the Official Quotation of the Shares to be issued under the Offer, the Company will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer.

2.5 Risk Factors

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 4.

2.6 Underwriting

The Offer is fully underwritten by CPS Capital Group Pty Ltd on the terms of the Underwriting Agreement. Details regarding the Underwriting Agreement and the potential effect on the control of the Company are set out in Section 5.1.

2.7 Effect of the Offer on control of the Company

The potential effect the Offer will have on each Shareholder's percentage interest in the total issued capital is a follows:

(a) if all Eligible Shareholders take up their entitlement, each Eligible Shareholder's percentage in the total issued Shares of the Company will remain the same and will not be diluted; and

(b) if some but not all Eligible Shareholders take up their entitlement, and the Shortfall is taken up under the Underwriting Agreement, the percentage interest in the total issued Shares of each Eligible Shareholder who does not take up their entitlement will be diluted and the percentage interest of the total issued Shares of each Eligible Shareholder who does take up their entitlement will remain the same, and the precise level of change in the percentage interests will depend on the take up of entitlements.

It is not expected that the Offer will have any material impact on the control of the Company.

The capital structure on completion of the Offer will be as follows:

Shares	
Shares currently on issue	137,597,105
Shares offered under the Offer (approximately)	68,798,552
Total Shares on issue on completion of the Offer*	**206,395,657**

*Assumes no Options are exercised prior to completion of the Offer

Options	
15.48c Options expiring December 2016	500,000
7c Options expiring June 2017	9,630,194
5.5c Options expiring December 2017	2,750,000
Total Options on issue	**12,880,194**

2.8 Option Holders

Option holders will not be entitled to participate in the Offer unless they:

(a) have become entitled to exercise their Options under the terms of their issue and do so prior to the Record Date; and

(b) Participate in the Offer as a result of being a holder of Shares registered on the share register on the Record Date.

Please refer to section 2.7 for further details on the Options on issue. If any of the Options are exercised before the Record Date, it may result in a proportionate increase in the number of New Shares being issued under the Offer.

2.9 Effect on the Company's financial position

The unaudited balance sheet as at 30 June 2016 and the pro-forma unaudited balance sheet as at 30 June 2016 are set out on the next page.

The pro-forma balance sheet takes into account the proceeds of the proposed capital raising of approximately $1.032 million under this Offer and Delgare Pty Ltd's sale of the remaining 65% of the Thaduna/Green Dragon Copper Project to Sandfire Resources NL announced to ASX on 23 August 2016 (noted separately in the "Subsequent Events" column). It has been prepared on the basis of accounting policies normally adopted by the Company and reflect the changes to its financial position. It also assumes all entitlements under this Offer are accepted, no Options are exercised prior to the Record Date and includes expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted above. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Pro Forma Balance Sheet on the following page

	Unaudited at 30 June 2016	Subsequent Events	Proceeds of the Offer after Costs	Pro-forma Unaudited 30 June 2016
	$A	$A	$A	$A
ASSETS				
Current Assets				
Cash and cash equivalents	84,070		956,100	1,040,170
Trade and other receivables - Current	38,309			38,309
Investments held for trading	0	1,700,000		1,700,000
Non-current asset held for sale	1,700,000	(1,700,000)		-
Total Current Assets	1,822,379	-	956,100	2,778,479
Non-Current Assets				
Trade and other receivables - Non-current	42,000			42,000
Plant and equipment	14,533			14,533
Deferred exploration expenditure	1,403,001			1,403,001
Total Non-Current Assets	1,459,534	-	-	1,459,534
Total Assets	3,281,913	-	956,100	4,238,013
LIABILITIES				
Current Liabilities				
Trade and other payables	70,459			70,459
Provisions	56,941			56,941
Total Current Liabilities	127,400	-	-	127,400
Total Liabilities	127,400	-	-	127,400
Net Assets	**3,154,513**	**-**	**956,100**	**4,110,613**
EQUITY				
Issued capital	19,343,243		956,100	20,299,343
Reserves	1,551,256			1,551,256
Accumulated losses	(17,739,986)			(17,739,986)
Total Equity	**3,154,513**	**-**	**956,100**	**4,110,613**

2.10 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Rights Issue Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Rights Issue Offer Document.

2.11 Overseas Shareholders

No Offer will be made to Shareholders resident outside Australia and New Zealand. The Company has decided that it is unreasonable to make the Offer to Shareholders outside Australia and New Zealand having regard to the small number of Shareholders with addresses in other jurisdictions, the small number and value of Shares they hold and the cost of complying with the legal requirements and the requirements of regulatory authorities in those jurisdictions.

This Rights Issue Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Rights Issue Offer Document. The distribution of this Rights Issue Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Rights Issue Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Notwithstanding the above, the Company may (in its absolute discretion) extend the Offer to certain shareholders who have registered addresses outside the Eligible Countries in accordance with applicable law.

2.12 CHESS and issuer sponsorship

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. All trading on ASX in Shares will be settled through CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Rules.

The Company's Registry operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. Both these sub-registers constitute the Company's principal register of Shareholders.

Holders of Shares will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored or other participant in CHESS, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of Shares issued under this Rights Issue Offer Document, provide details of your holder identification number, and provide the participant identification number of the sponsor and the terms and conditions applicable to the Shares, including a notice to exercise the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Company's Registry and will contain the number of Shares issued to you under this Rights Issue Offer Document and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their

Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

2.13 Enquiries

Enquiries concerning the Entitlement and Acceptance Form and general enquires in relation to the Company can be made to the company secretary at Level 1, 6 Thelma Street, West Perth WA 6005 or by telephone on (08) 9226 3780. Information may also be obtained by visiting the Company's website at www.ventnorresources.com.au.

The address for mailing Entitlement and Acceptance Forms is:

Ventnor Resources Limited
c/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

3. Action Required

3.1 Acceptance of Shares under this Rights Issue Offer Document

Should you wish to accept all of your entitlement to subscribe for Shares, then applications for Shares under this Rights Issue Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Rights Issue Offer Document or by completing a BPAY payment, in accordance with the instructions referred to in this Rights Issue Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If you wish to pay by cheque please complete the Entitlement and Acceptance Form which must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to 'Ventnor Resources Limited' and lodged at any time after the issue of this Rights Issue Offer Document and on or before the Closing Date at Company's share registry by post to the address in Section 2.13 above.

If you wish to pay via BPAY you must follow the instructions in the Entitlement and Acceptance Form. Eligible Shareholders who elect to pay via BPAY will not need to return their completed Entitlement and Acceptance Form. Please read the instructions carefully.

3.2 If you wish to take up only part of your entitlement

Should you wish to only take up part of your entitlement, then applications for Shares under this Rights Issue Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Rights Issue Offer Document or by completing a BPAY payment in respect of the portion of your entitlement you wish to take up in accordance with the instructions referred to in this Rights Issue Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If you wish to pay by cheque please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Shares you wish to accept and the amount payable (calculated at $0.015 per Share accepted). Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to 'Ventnor Resources Limited' and lodged at any time after the issue of this Rights Issue Offer Document and on or before the Closing Date at the Company's share registry by post at the address in Section 2.13 above.

If you wish to pay via BPAY you must follow the instructions in the Entitlement and Acceptance Form. Eligible Shareholders who elect to pay via BPAY will not need to return their completed Entitlement and Acceptance Form. Please read the instructions carefully.

3.3 If you do not wish to take up your entitlement

If you do not wish to accept any of your entitlement, you are not obliged to do anything. In that case, Shares not accepted by the Closing Date will become Shortfall Shares and you will receive no benefit.

The number of Shares you hold and the rights attaching to those Shares will not be affected should you choose not to accept any part of your entitlement, however your percentage holding in the capital of the Company will be diluted.

4. Risk Factors

This Section discusses some of the key risks associated with an investment in New Shares. A number of risks and uncertainties, which are both specific to the Company and of a more general nature, may adversely affect the operating and financial performance or position of the Company, which in turn may affect the value of the Shares and the value of an investment in the Company.

The risks and uncertainties described below are not an exhaustive list of the risks facing the Company or associated with an investment in the Company. Additional risks and uncertainties may also become important factors that adversely affect the Company's operating and financial performance or position.

Before investing in the New Shares, you should consider whether an investment in the Company is suitable for you. Potential investors should consider publicly available information on the Company (such as that available on the websites of the Company and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

4.1 Company Specific Risks

(a) **Future Capital Needs and Additional Funding**

The Company's growth through its proposed and future drilling and exploration campaigns will require substantial expenditure. There can be no guarantees that the Company's cash reserves together with the funds raised by the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer and existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or if at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(b) **Economic Risk**

Changes in the general economic climate in which the Company will operate may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption and the rate of growth of gross domestic product in Australia and other jurisdictions in which the Company may acquire mineral assets.

(c) **Insurance Risks**

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company'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 the Company.

Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

(d) **No Profit To-Date**

The Company has incurred losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. As the Company intends to continue investing in exploration and development program, the Directors anticipate making further losses in the foreseeable future.

While the Directors have confidence in the future revenue-earning potential of the Company, there can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

(e) **Key Personnel**

The ability of the Company to achieve its objectives depends on the retention of key external contractors who constitute its technical panel and provide technical expertise. If the Company cannot secure external technical expertise (for example to carry out drilling) or if the services of the present technical panel cease to become available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and the budget the Company has decided upon.

Whilst the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Directors believe that appropriately skilled and experienced professionals would be available to provide services to the Company at market levels of remuneration in the event key external contractors cease to be available.

(f) **Changes in Government Policies and Legislation**

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

(g) **Security investments**

Applicants should be aware that there are risks associated with any investment in securities. The prices at which the Shares trade may be above or below the issue price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices and volumes will be sustained. These factors may materially affect the market price of the Securities, regardless of the Company's operational performance.

(h) **Share market conditions**

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

In addition, the market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

(i) **Global credit and investment markets**

Global credit, commodity and investment markets can experience a high degree of uncertainty and volatility. The factors which lead to this situation are outside the control of the Company and may result in volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

4.2 General Mineral Industry Risks

(a) **Title risk**

Mining tenements are governed by the respective State legislation and each tenement is held for a specific term and carries with it annual expenditure and reporting commitments as well as other conditions requiring compliance. There is a risk that the Company could lose title to one or more of its tenements if tenement conditions or annual expenditure commitments are not met.

(b) **Resource and Reserve Estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted, resource estimates may have to be adjusted and

mining plans may have to be altered in a way which could adversely affect the Company's operations.

Reserve and resource estimates are expressions of judgment based on drilling results and other exploration observations, along with a competent person's experience working with relevant mining properties, and other factors. Estimates based on available data and interpretations and thus estimations may prove to be inaccurate or may change substantially when new information becomes available.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources.

Reserves are value based financial and operational forecasts and consequently, the actual reserves and resources may differ from those estimated either positively or negatively.

(c) **Exploration and Development Risks**

Mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration of the mineral interests currently held by the Company, or any other projects that may be acquired in the future will result in the discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

(d) **Operational Risks**

The operations of the Company may be affected by various factors including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of

coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(e) **Commodity Price Volatility and Foreign Exchange Risk**

In the event that the Company achieves exploration success leading to production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price risks.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for coal, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States Dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar as determined in international markets.

(f) **Environmental Risks**

The operations and proposed activities of the Company are subject to regulations concerning the environment. The government and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The potential for liability is an ever present risk. Future legislation and regulations governing coal production may impose significant environmental obligations on the Company in relation to coal mining.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or

other unforeseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(g) **Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- developing an economic process route to produce a metal and/or concentrate; and
- changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(h) **Native title**

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the Native Title Act.

For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the Native Title Act must be complied with.

The existence of a Native Title claim is not an indication that Native Title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

4.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Rights Issue Offer Document. Therefore, the Shares to be issued pursuant to this Rights Issue Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Rights Issue Offer Document.

5. Additional Information

5.1 Underwriting agreement

The Company and the Underwriter entered into an underwriting agreement (**Underwriting Agreement**) pursuant to which the Underwriter has agreed to fully underwrite the Offer.

At the time of issue of the underwritten Shares, the Company must pay to the Underwriter a management fee of 1% plus an underwriting fee of 4% of the aggregate offer price of the underwritten Shares (plus GST), estimated to be approximately $51,599 (plus GST).

Additionally, the Company will pay all professional and third party fees incurred by the Underwriter in respect of the Offer.

The Underwriting Agreement contains termination clauses that relieve the Underwriter of its obligations if certain events occur. These include:

(a) (**Share Price**): the share price of the Company trading on the ASX under the ASX code of VRX finishes trading for 2 consecutive days with a closing share price that is less than the price between the opening date and the closing date;

(b) (**Indices fall**) the S&P or ASX 200 Index closes on any 2 consecutive trading days before the Shortfall notice deadline date 5% or more below its respective level as at the close of business on the Business Day prior to the execution date;

(c) (**Offer Document**): the Company does not lodge the Rights Issue Offer Document by the lodgement date or it or the Offer is withdrawn by the Company;

(d) (**No Listing Approval**): the Company fails to lodge an Appendix 3B in relation to the Underwritten Securities with ASX within 7 days of the lodgement date;

(e) (**No Official Quotation**): ASX has advised the Company that it will or may not grant official quotation to the Underwritten Securities on or prior to the shortfall notice deadline date;

(f) (**Restriction on allotment**): the Company is prevented from allotting the Underwritten Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;

(g) (**Takeovers Panel**): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable

circumstances under Pt. 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;

(h) (**Hostilities**): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Iraq, Syria, Turkey, Tunisia, North Korea, Pakistan, the People's Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world, which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect on the Offer;

(i) (**Authorisation**): any authorisation which is material to anything referred to in the offer document is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;

(j) (**Event of Insolvency**): an event of insolvency occurs in respect of the Company or its subsidiaries;

(k) (**Indictable offence**): a director or senior manager of the Company or its subsidiaries is charged with an indictable offence, which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect on the Offer; or

(l) (**Termination Events**): subject to any one of the following events, in the reasonable opinion of the Underwriter, having or being likely to have a material adverse effect or could give rise to a liability of the Underwriter under the Corporations Act, upon the occurrence of any of the following events:

(i) (**Default**): default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking which is incapable of remedy or is not remedied by the date valid applications are required to be lodged;

(ii) (**Incorrect or untrue representation**): any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;

(iii) (**Contravention of constitution or Act**): a contravention by the Company or its subsidiaries of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;

(iv) (**Adverse change**): an event occurs which gives rise to a material adverse effect in relation to the Company's assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or any subsidiary;

(v) (**Public statements**): without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the offer document;

(vi) (**Misleading information**): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of the Company or any subsidiary is or becomes misleading or deceptive or likely to mislead or deceive;

(vii) (**Change in Act or policy**): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;

(viii) (**Prescribed Occurrence**): a prescribed occurrence (which includes changes to the Company's capital structure, operations and/or undertakings) occurs, other than as disclosed in the Offer Document;

(ix) (**Suspension of debt payments**): the Company suspends payment of its debts generally;

(x) (**Judgment against a Relevant Company**): a judgment in an amount exceeding $50,000.00 is obtained against the Company or any subsidiary and is not set aside or satisfied within 7 days;

(xi) (**Litigation**): litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any the Company or its subsidiaries, other than any claims foreshadowed in the offer document;

(xii) (**Board and senior management composition**): there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the prior written consent of the Underwriter;

(xiii) (**Change in shareholdings**): there is a material change in the major or controlling shareholdings of the Company or its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any subsidiary;

(xiv) (**Timetable**): there is a delay in any specified date in the timetable which is greater than 3 Business Days;

(xv) (**Force Majeure**): a force majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 5 days occurs;

(xvi) (**Certain resolutions passed**): the Company or any subsidiary passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;

(xvii) (**Capital Structure**): any Relevant Company alters its capital structure in any manner not contemplated by the Offer Document;

(xviii) (**Breach of Material Contracts**): any of contracts are terminated or substantially modified;

(xix) (**Investigation**): any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any subsidiary; or

(xx) (**Market Conditions**): a suspension or material limitation in trading generally on ASX occurs or any adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Company has agreed to indemnify the Underwriter and its directors, officers, employees and agents from and against any and all claims, actions, damages, losses, liabilities, costs or expenses, including costs for legal advice on a solicitor/client basis, (**Losses**) which any indemnified party incurs or suffers in respect of or in any way relating to the Offer, this Rights Issue Offer Document or the Underwriting Agreement, including any Losses in connection with any non-compliance with or breach of any legal requirement or the Listing Rules investigation, or a misstatement or inaccuracy in this document.

The Underwriting Agreement otherwise contains covenants, warranties, representations and other terms customary for an agreement of this nature.

5.2 Directors' interests in Company securities and sub-underwriting obligations

The Directors or their nominees currently hold Shares and Options.

At the time of lodging this Rights Issue Offer Document with ASX, the Directors and their nominees have indicated that they will take up their full entitlement under the Offer.

Mr Bruce Maluish, the Company's Managing Director, has agreed to sub-underwrite part of the Offer. This sub-underwriting commitment is on the same terms as sub-underwriting commitments from others, and is unconditional and irrevocable. However, if the Offer does not proceed, or the Underwriter terminates its obligations under the Underwriting Agreement, the sub-underwriting arrangements terminate immediately. The sub-underwriters will be

paid by the Underwriter a sub-underwriting fee of 4% of the aggregate offer price of their respective sub-underwritten Shares (plus applicable GST).

If there are any Shortfall Shares the Underwriter will determine the obligations of each of the sub-underwriters in accordance with the sub-underwriting agreements. The number of Shortfall Shares sub-underwritten by Mr Maluish is set out in the table below.

The table below also sets out the relevant interests of the Directors in the securities of the Company immediately prior to lodgement of this Rights Issue Offer Document with ASX together with New Shares proposed to be acquired under the Offer.

Interests include those securities held directly and indirectly.

Director	Paul Boyatzis	Bruce Maluish	Peter Pawlowitsch
No. Shares on Record Date	1,500,000	6,053,810	2,671,667
% Issued Shares on Record Date[1]	1.09%	4.40%	1.94%
No. Options on Record Date	500,000	1,000,000	500,000
Entitlement to New Shares	750,000	3,025,905	1,335,834
Sub-underwriting	-	6,666,667[2]	-
No. Shares post-Offer[3]	2,250,000	15,747,382	4,007,501
% Issued Shares post-Offer	1.09%	7.63%	1.94%

Notes:

1. Assumes Directors do not exercise their Options.
2. Assumes allocation of the maximum number of New Shares under sub-underwriting commitment.
3. Assumes that the Offer is fully subscribed and no Options are exercised before the Record Date.

6. Corporate Directory

Directors	Company Secretary
Mr Paul Boyatzis (Non-Executive Chairman) Mr Bruce Maluish (Managing Director) Mr Peter Pawlowitsch (Non-Executive Director)	Mr John Geary

Registered and Business Office	Share Registry*
Level 1, 6 Thelma Street West Perth WA 6005 Tel: +61 8 9226 3780 Fax: +61 8 9226 3764 Email: info@ventnorresources.com.au	Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace Perth WA 6000

Underwriter	Lawyers
CPS Capital Group Pty Ltd Level 45 108 St Georges Terrace Perth WA 6000	Milcor Legal Level 1, 6 Thelma Street West Perth WA 6005

Website	Auditor*
www.ventnorresources.com.au	RSM Bird Cameron Partners

*This party is named for informational purposes only and was not involved in the preparation of this document

7. Glossary of Terms

$ means Australian dollars.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532.

Business Day has the same meaning as in the Listing Rules.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

Company means Ventnor Resources Limited ACN 142 015 873.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Directors mean the directors of the Company as at the date of this Rights Issue Offer Document.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

Entitlement and Acceptance Form means the personalised entitlement and acceptance form attached to this Rights Issue Offer Document.

GST means goods and services tax as defined in the *A New Tax System (Goods and Services Tax) Act 1999 (Cth).*

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

New Share means a Share proposed to be issued pursuant to this Offer.

Offer is defined in Section 2.1.

Official List means the official list of ASX.

Official Quotation means quotation of New Shares on the Official List.

Opening Date means the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

Option means option to acquire a Share.

Record Date means 5:00pm (WST) on the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

Registry means the Company's share registry, Computershare Investor Services Pty Ltd.

Related Corporation means a "related body corporate" of the Company as that expression is defined in the Corporations Act and includes (where applicable) the Company itself and a body corporate which is at any time after the date of the Underwriting Agreement a "related body corporate" but ceases to be a "related body corporate" because of an amendment, consolidation or replacement of the Corporations Act.

Rights Issue Offer Document means this document.

Section means a section of this Rights Issue Offer Document.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a holder of Shares.

Shortfall or **Shortfall Shares** means those New Shares for which valid Applications have not been received by the Closing Date.

Underwriter means CPS Capital Group Pty Ltd ABN 73 088 055 636.

Underwriting Agreement is as defined in Section 5.1.

WST means Australian Western Standard Time.