

# Mercantile Investment Company Limited

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13 December 2017

The Manager  
Company Announcements  
ASX Limited

## ASX ANNOUNCEMENT

### **Supplementary Bidder's Statement – Off-market bid for Bauxite Resources Limited by Mercantile OFM Pty Limited**

Further to the announcements made on 22 November 2017, I enclose, in accordance with section 647(3)(c) of the Corporations Act 2001 (Cth), a copy of the supplementary bidder's statement (**Supplementary Bidder's Statement**) issued by Mercantile OFM Pty Ltd (ACN 120 221 623) (**Mercantile OFM**), a wholly owned subsidiary of Mercantile Investment Company Limited, in relation to its off-market takeover bid for the shares in Bauxite Resources Limited (ACN 119 699 982) (**BAU**).

The Supplementary Bidder's Statement was lodged with ASIC earlier today and will be sent to BAU today.



Mark Licciardo  
Company Secretary

**Supplementary Bidder's Statement for the Offer by  
Mercantile OFM Pty Ltd (ACN 120 221 623) (Mercantile OFM)  
to acquire all the ordinary shares in Bauxite Resources Limited (ACN 119 699 982)  
(Bauxite Resources)**

## **Introduction**

This document is a Supplementary Bidder's Statement given pursuant to Division 4 of Part 6.5 of the Corporations Act 2001 in compliance with the requirements of Section 645 of the Corporations Act.

It is the first Supplementary Bidder's Statement prepared by Mercantile OFM (**Supplementary Bidder's Statement**) in relation to the Offer from Mercantile OFM to acquire 50% of the issued shares in Bauxite Resources to be undertaken under Mercantile OFM's Bidder's Statement dated 21 November 2017 (**Original Bidder's Statement**).

This Supplementary Bidder's Statement supplements, and should be read together with, the Original Bidder's Statement.

## **Defined Terms**

Defined terms used in this Supplementary Bidder's Statement are capitalised and have the meaning given to them in Section 10 of the Original Bidder's Statement.

## **No Prescribed Occurrences**

1. The references to "*the Prescribed Occurrences*" on pages 2, 4, 10 and 29 of the Original Bidder's Statement are amended to read "*No Prescribed Occurrences*".

2. The following statement is added into the "*Offer Conditions*" section on page 4 of the Original Bidder's Statement following the reference to "*No Prescribed Occurrences*":

*"The No Prescribed Occurrences defeating condition is the non-occurrence of each of the events referred to in Section 652C(1) and (2) of the Corporations Act."*

3. The following definition of "*No Prescribed Occurrences*" is added into Section 10 of the Original Bidder's Statement:

*"The non-occurrence of any of the events referred to in Section 652C(1) and (2) of the Corporations Act, which are set out in Clause 7.1 of Appendix A."*

4. Clause 7.1 of Appendix A to the Original Bidder's Statement is amended to read:

*"This Offer and the contract that results from acceptance of this Offer are each subject to the fulfilment of the following condition:*

***"No Prescribed Occurrences:*** *none of the following happens during the period commencing on the Announcement Date and ending on the expiry of the Offer Period (each being a separate condition):*

(a) *the shares of Bauxite Resources or any of the Controlled Entities of Bauxite Resources are converted into a larger or smaller number of shares;*

(b) *Bauxite Resources or a subsidiary of Bauxite Resources resolves to reduce its share capital in any way;*

(c) *Bauxite Resources or a subsidiary of Bauxite Resources:*

(A) *enters into a buy-back agreement; or*

- (B) resolves to approve the terms of a buy-back agreement under sections 257C or 257D of the Corporations Act;
- (d) Bauxite Resources or a subsidiary of Bauxite Resources issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) Bauxite Resources or a subsidiary of Bauxite Resources issues or agrees to issue convertible notes;
- (f) Bauxite Resources or a subsidiary of Bauxite Resources disposes or agrees to dispose of the whole or a substantial part of its business or property;
- (g) Bauxite Resources or a subsidiary of Bauxite Resources grants or agrees to grant an Encumbrance over the whole or a substantial part of its business or property;
- (h) Bauxite Resources or a subsidiary of Bauxite Resources resolves to be wound up;
- (i) a liquidator or provisional liquidator of Bauxite Resources or a subsidiary of Bauxite Resources is appointed;
- (j) a court makes an order for the winding up of Bauxite Resources or a subsidiary of Bauxite Resources;
- (k) an administrator of Bauxite Resources or a subsidiary of Bauxite Resources is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Bauxite Resources or a subsidiary of Bauxite Resources execute a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part of the property of Bauxite Resources or a subsidiary of Bauxite Resources.”

### **Mercantile OFM's intentions**

5. The following statement is added after the first sentence of the second paragraph in the “Overview of the Offer” section on page 2 of the Original Bidder’s Statement:
- “If Mercantile OFM successfully terminates operations and sells Bauxite Resources’ assets (as outlined in Section 2.4), the future prospects of Bauxite Resources will allow Bauxite Resources Shareholders to participate in the proposed distribution of cash. Any distribution of cash may be made in a manner permitted by the Corporations Act.”*
6. The following statement is added after the last sentence in the “Why accept the Offer?” section on page 4 of the Original Bidder’s Statement:
- “If Mercantile OFM successfully terminates operations and sells Bauxite Resources’ assets (as outlined in Section 2.4), the future prospects of Bauxite Resources will allow Bauxite Resources Shareholders to participate in the proposed distribution of cash. Any distribution of cash may be made in a manner permitted by the Corporations Act.”*
7. The following statement is added after the first sentence of the second last paragraph in Section 2.4 of the Original Bidder’s Statement:
- “If Mercantile OFM successfully terminates operations and sells Bauxite Resources’ assets (as outlined above), the future prospects of Bauxite Resources will allow Bauxite Resources Shareholders to participate in the proposed distribution of cash. Any distribution of cash may be made in a manner permitted by the Corporations Act.”*

8. The following statement is added after the last sentence in Section 4.2 of the Original Bidder's Statement:

*"If following the Review Mercantile OFM concludes that its stated intentions as detailed in Section 4.2 are achievable, it is currently expected that this will eventually result in the contracts of employment of all employees being terminated."*

9. The third bullet point in Section 4.5 of the Original Bidder's Statement is amended to read:

➤ *"dependent on the Review outcomes and subject to the stated intentions in Section 4.2, to continue the employment of Bauxite Resources' employees in the short term. Mercantile OFM will reassess the employment of Bauxite Resources' employees as assets are realised and activities are ceased. This may result in the termination of employment arrangements over time."*

#### **Terms of Offer**

10. Clause 5.1(i) of the Terms of Offer in Appendix A of the Original Bidder's Statement is deleted.
11. Clause 5.1(f) of the Terms of Offer in Appendix A of the Original Bidder's Statement is amended to read:

*"on the Offer or the contract resulting from your acceptance of the Offer becoming unconditional, agreed not to attend or vote in person at any general meeting of Bauxite Resources or to exercise or purport to exercise any of the powers conferred on an attorney under Clause 5.1(d);"*

#### **Typographical Errors**

12. The date in Section 9.2 of the Original Bidder's Statement is amended to read "22 November 2017".
13. Section 3.5 of the Original Bidder's Statement is amended to read:

#### **"3.5 Overview of Bauxite Resources' historical financial performance**

*A summary of the historical consolidated financial performance of Bauxite Resources since 2015 is set out below:*

A\$	Full year to 30 June 2017	Full year to 30 June 2016	Full year to 30 June 2015
<i>Income</i>	856,586	1,120,594	1,592,088
<i>Exploration and evaluation expenses</i>	(369,898)	(506,009)	(2,314,981)
<i>Employee benefits expenses</i>	(262,385)	(890,530)	(1,108,549)
<i>Administration expenses</i>	(559,845)	(1,052,812)	(1,457,458)
<i>Total comprehensive losses from continuing operations</i>	(498,466)	(1,950,688)	(10,622,199)
<i>Profit from discontinued operations</i>	-	6,288,572	-
<i>Net assets</i>	19,253,124	19,751,815	27,303,932

<i>Accumulated Losses</i>	<i>(47,949,155)</i>	<i>(47,450,689)</i>	<i>(51,788,573)</i>
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*Note: The above information has been drawn from the 2017, 2016 and 2015 Annual Reports.*

14. In Section 4.4 of the Original Bidder's Statement, the reference to "Section 5.5" is amended to read "Section 4.3" and the reference to "Section 5.4" is amended to read "Section 4.2".
15. The reference to "Clause (a)" is amended to read "Clause 6.1" in Clause 5.4 of Appendix A to the Original Bidder's Statement.
16. The reference to "Foreign Unitholder" is amended to read "Foreign Shareholder" in Clause 6.2 of Appendix A to the Original Bidder's Statement.

### **Authorisation**

This Supplementary Bidder's Statement is dated 13 December 2017, the date it was lodged with ASIC. This Supplementary Bidder's Statement has been approved by a unanimous resolution of the Directors.

Dated: 13 December 2017

Signed for and on behalf of **Mercantile OFM Pty Ltd**



**Gabriel Radzyminski**  
Director