

CADMON VENTURES PTY LTD

ACN 617 176 253

FIRST SUPPLEMENTARY BIDDER'S STATEMENT

1. IMPORTANT INFORMATION

This document is a supplementary bidder's statement (**Supplementary Bidder's Statement**) issued by Cadmon Ventures Pty Ltd (ACN 617 176 253) (**Cadmon** or the **Bidder**) under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and is supplementary to the bidder's statement dated and lodged with the Australian Securities and Investments Commission (**ASIC**) on 23 February 2017 (**Original Bidder's Statement**) in relation to the off-market takeover offer by the Bidder for all of the fully paid ordinary shares in the capital of MHM Metals Limited (ACN 124 212 175) (**MHM** or **Target**) (**Offer**).

This Supplementary Bidder's Statement was lodged with ASIC on 31 March 2017. Neither ASIC nor any of its officers takes any responsibility for the contents of this Supplementary Bidder's Statement.

This Supplementary Bidder's Statement must be read together with the Original Bidder's Statement. If there is a conflict between the Original Bidder's Statement and this Supplementary Bidder's Statement, this Supplementary Bidder's Statement will prevail. Unless the context otherwise requires, terms defined in the Original Bidder's Statement have the same meaning in this Supplementary Bidder's Statement.

Please consult your legal, financial or other professional adviser if you do not fully understand the contents of this Supplementary Bidder's Statement.

2. OFFER PRICE FIRST AND FINAL

As stated at Section 10.10 of the Original Bidder's Statement, the Bidder reiterates that the Offer Price is first and final, and will not be increased.

3. FUNDING

Section 7 of the Original Bidder's Statement sets out the Bidder's internal funding arrangements in relation to its ability to fund the Offer. In addition to the statements contained in Section 7, the Bidder notes that:

- (a) Harbour Capital Management Ltd (Hong Kong) is the funder (**Funder**), and has agreed to unconditionally underwrite up to the Maximum Cash Consideration pursuant to the Agreement.
- (b) The Funder is:
 - (i) a privately owned, boutique fund management firm located in Hong Kong; and
 - (ii) is regulated by the Securities and Futures Commission of Hong Kong and is the holder of a "Type 9: Asset Management" licence under the Securities and Futures Ordinance, Cap. 571.

- (c) In addition to the disclosure about the Agreement in the Original Bidder's Statement, the Bidder confirms:
- (i) the Agreement is binding and unconditional and that the parties to the Agreement are bound to comply with their obligations pursuant to it;
 - (ii) the Funder will be paid no fees or charges for its obligations under the Agreement;
 - (iii) no security will be granted for the provision of the underwriting;
 - (iv) the Funder will provide the necessary funding (up to the amount of the Maximum Cash Consideration) to the Bidder for the Offer Consideration upon the Bidder's written request;
 - (v) the Bidder and Funder will negotiate in good faith the repayment of any funds provided under the Agreement; and
 - (vi) the Agreement has been entered into between the Bidder and Funder solely for the Funder to provide the Bidder with the Offer Consideration. The Agreement does not entitle the Funder to receive any Target Shares.

4. CONSENT TO BE NAMED

The Funder has given and has not, before lodgement of this Supplementary Bidder's Statement with ASIC, withdrawn its consent to the inclusion of:

- (a) references to its name;
- (b) each statement it has made; and
- (c) each statement which is based on a statement it has made,

in this Supplementary Bidder's Statement in the form and context in which those statements appear and to the maximum extent permitted by law expressly disclaims and takes no responsibility for any part of this Supplementary Bidder's Statement other than any statement which has been included in this Supplementary Bidder's Statement with its consent.

The Funder has given and has not, before lodgement of this Supplementary Bidder's Statement with ASIC, withdrawn its consent to the inclusion of references to its name in this Supplementary Bidder's Statement in the form and context in which it is named, and:

- (a) has not authorised or caused the issue of the Supplementary Bidder's Statement;
- (b) does not make, or purport to make, any statement in this Supplementary Bidder's Statement or any statement on which a statement in this Supplementary Bidder's Statement is based; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Supplementary Bidder's Statement, other than a reference to its name.

5. ACCEPTING THE TAKEOVER OFFERS

MHM Shareholders will by now have received the Original Bidder's Statement (and Acceptance Form). The Bidder encourages MHM Shareholders to accept the Offer as soon as possible noting that the Offer price is first and final and will not be increased. To accept the Offer, the Target Shareholders must complete the Acceptance Form that was enclosed with the Original Bidder's Statement and send it to the address shown in the Acceptance Form. If MHM Shareholders hold their shares in a CHESS Holding they may accept the Offer by instructing their Controlling Participant (usually a broker) to do so on their behalf.

If you have any questions regarding the Offer, please contact your professional financial advisor.

MHM Shareholders who have already accepted the Offer are not required to take any further action.

6. EXTENSION OF THE OFFER

On 29 March 2017 the Bidder announced that the Offer would be extended until 7.00pm (AEST) on 5 May 2017 (**Extension Announcement**).

The Extension Announcement and the accompanying notice has been sent to all MHM shareholders.

Finally, the Bidder reiterates that:

- (a) the Offer presents an attractive opportunity for existing MHM shareholders to liquidate their investment which they would otherwise be unable to easily do so as MHM's shares are currently suspended from trading on the ASX; and
- (b) the Offer is at a premium to the Existing Offer, being almost 9% higher and is otherwise on the same terms.

7. DIRECTOR'S AUTHORISATION

This Supplementary Bidder's Statement has been approved by a resolution of the sole director of Cadmon Ventures Pty Ltd.

Dated: 31 March 2017

Signed for and on behalf of

Cadmon Ventures Pty Ltd



Cameron Low
Director