

## EXPLAURUM LIMITED

# APPROVE STRATEGIC ALKANE INVESTMENT AND REJECT INADEQUATE RAMELIUS OFFER

5 December 2018

Explaurum Limited (**Explaurum**) notes the release yesterday of the Independent Expert Report in relation to the current off-market takeover offer from Ramelius Resources Limited (**Ramelius** and **Ramelius Offer**).

Independent Expert, BDO Corporate Finance (QLD) Ltd (**BDO**), has concluded that the Ramelius Offer is NOT FAIR AND NOT REASONABLE.

It should also be noted that BDO's value assessment of Explaurum did not take into account potential value enhancements from:

- the Mace Discovery; or
- other operating and capital cost optimisations currently being undertaken as part of the Bankable Feasibility Study on the Tampia Project.

These dynamics have the potential to deliver significant further upside to the BDO value assessment of Explaurum. Further information regarding the Mace Discovery is expected to be provided later this week.

On top of the value inadequacy highlighted by the Independent Expert Report, there are several other key reasons why the Explaurum Board has strong reservations in relation to the current Ramelius Offer:

- Ramelius' plan for the future development and operation of the Tampia Project remains highly uncertain. Ramelius has not explained to Explaurum shareholders how it will be able to consolidate the Edna May and Tampia Projects in a way that will 'realise significant cost savings or operational synergies'.
- Explaurum remains highly sceptical as to the practical ability, and commercial logic, of trucking Tampia ore to the Edna May processing facility. Explaurum's study work has consistently shown that the value of the Tampia Project is maximised on a stand-alone development basis.
- Explaurum shareholders are being asked to heavily dilute their exposure to the Tampia Project – a high-grade, open pit development project with forecast low operating costs and significant potential resource upside. In exchange, Explaurum shareholders are being asked to accept predominant exposure to a more mature portfolio of assets with a higher cost production profile and a shorter reserve life.

The Explaurum Board continues to recommend unanimously that shareholders **REJECT the Ramelius Offer by TAKING NO ACTION.**

The Alkane strategic investment has been recommended by the Explaurum Board as superior to the current Ramelius takeover offer<sup>1</sup>.

The Alkane placement funds (A\$8M) will be used to complete the Tampia Project Bankable Feasibility Study and to aggressively accelerate drilling across the Tampia region. This includes acceleration of Mace extensional drilling to fully test scale potential and intensive exploration drilling of highly prospective gravity and gold-in-soil confirmed regional Tampia targets (starting with Anomaly 8).

The Alkane placement issue price of 12.0c per share represents a 40% premium to the closing price of Explaurum on 4 December 2018 (8.6c per share). The Alkane transaction also has no change of control implications.

The Explaurum Board continues to recommend unanimously that shareholders **APPROVE the Alkane strategic investment at the general meeting on 21 December 2018.**

<sup>1</sup>Details as announced by Explaurum on 29 October 2018 in ASX release, *Strategic Investment by Alkane Resources*

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