

EXPLAURUM LIMITED

ACCEPT THE IMPROVED RAMELIUS OFFER

18 December 2018

Explaurum Limited (**Explaurum**) provides the following update to Explaurum Shareholders in relation to the improved offer by Ramelius Resources Limited (**Ramelius**) announced on 13 December 2018.

Improved Offer

Explaurum notes that Ramelius has increased the consideration of its original offer by 2 cents cash per Explaurum Share in addition to the existing consideration of 1 Ramelius Share or every 4 Explaurum Shares and extended the Offer Period until 25 January 2019 (**Improved Offer**).

Ramelius has confirmed that the Improved Offer is best and final and will not be increased.

Accordingly, under the Improved Offer, Explaurum Shareholders will receive:

- one Ramelius Share for every four Explaurum Shares; and
- 2 cents cash per Explaurum Share.

Ramelius has also agreed to advance to Explaurum an unsecured and interest free loan to meet its financial commitments.

Recommendation and intention of Explaurum's Directors

The Explaurum Directors have carefully considered the terms of the Improved Offer and have unanimously resolved to recommend that Explaurum Shareholders **ACCEPT THE IMPROVED OFFER**, in the absence of a superior proposal.

Each Explaurum Director who has a relevant interest in Explaurum Shares intends to **ACCEPT THE IMPROVED OFFER**, in the absence of a superior proposal for all of the Explaurum Shares in which they have a relevant interest.

For information on how to **ACCEPT THE IMPROVED OFFER**, please refer to section 5 of Ramelius' Fifth Supplementary Bidder's Statement and the replacement Acceptance Form, which have both be despatched to Explaurum Shareholders.

Key reasons for the Explaurum Directors' recommendation

The Explaurum Board has recommended that Explaurum Shareholders accept the Improved Offer for the following key reasons:

1. The Improved Offer includes an increase to the Offer Consideration

The Improved Offer implies a value of Explaurum Shares of A\$0.134 each, based on the closing price of Ramelius Shares and Explaurum Shares as at 12 December 2018¹.

The implied value of the Improved Offer represents a premium of:

- 57.6% to Explaurum's closing price of A\$0.085 on 12 December 2018²; and
- 54.0% to Explaurum's 10 day VWAP of A\$0.087 up to and including 12 December 2018³.

The Explaurum Directors also note that the Improved Offer includes a cash component, which will enable Explaurum Shareholders to immediately realise value for their Explaurum Shares.

2. The Improved Offer provides greater certainty

Ramelius advised that it intends to make the Improved Offer unconditional if the Alkane Strategic Investment is not approved by Explaurum Shareholders, or it otherwise does not proceed. Ramelius will provide the Offer Consideration to accepting Explaurum Shareholders within 14 days thereafter.

In light of the Improved Offer, it has become apparent to the Explaurum Board that the prospects of the Alkane Strategic Investment being approved by Explaurum Shareholders are low.

Accordingly, Explaurum and Alkane Resources Limited (**Alkane**) have agreed to terminate the Share Subscription Agreement dated 28 October 2018, so that the Improved Offer can be made unconditional.

Once the Improved Offer becomes unconditional, the uncertainty in relation to receiving the Offer Consideration that was inherent in Ramelius' original Offer will be removed.

¹ Based on the closing price of Ramelius Shares of A\$0.455 and a closing price of Explaurum Shares of A\$0.085 on 12 December 2018 being the last day before the announcement of the Improved Offer.

² Being the last closing price before the announcement of the Improved Offer.

³ Being the last closing price before the announcement of the Improved Offer.

The Explaurum Director's also note that Ramelius have confirmed that the Improved Offer is best and final and will not be increased.

3. There is a risk that Explaurum Shareholders who do not accept the Improved Offer may become minority shareholders

The Explaurum Directors have had regard to the fact that Explaurum Shareholders who do not accept the Improved Offer may become minority shareholders in Explaurum.

Ramelius has advised that it holds a relevant interest in 26.73% of Explaurum Shares⁴.

Ramelius has previously indicated that if it becomes an Explaurum Shareholder, depending on the level of acceptances, it intends to (among other things):

- **Reconstitute Board** – seek majority representation on the Explaurum Board;
- **Operational control** – implement the results of its Strategic Review; and
- **Delist Explaurum** – investigate the removal of Explaurum from the official list of ASX.

If any of these occur, the Explaurum Directors will not be in a position to guarantee the present strategic direction of the Company or give any assurance about the future ability of Explaurum to create long-term value for Explaurum Shareholders.

The Explaurum Directors also note there is a risk that the price of Explaurum Shares may fall to levels below the Improved Offer price if you do not accept the Improved Offer and Ramelius acquires a substantial shareholding in Explaurum.

4. Short term funding

The Ramelius loan facility will provide sufficient working capital funding to meet Explaurum's forecast cash commitments until the end of January 2019, thereafter any additional funding is at Ramelius' discretion. The loan is repayable on 30 June 2019 or such later date as the parties agree.

Supplementary disclosure by the Independent Expert

The Independent Expert, BDO Corporate Finance (QLD) Ltd, completed its report in relation to Ramelius' original Offer, which was despatched to Shareholders on Thursday 6 December 2018.

⁴ Substantial holder notice dated 17 December 2018

The Independent Expert's Report did not take into account and consider the Improved Offer, the Initial Mace Resource Estimate or the Tampia Feasibility Study Update. Accordingly, Explaurum confirms that the Independent Expert is preparing supplementary disclosure which considers these additional items and provides an assessment of the Improved Offer. The Board's recommendation and their personal voting intentions are not conditional upon the outcome of any supplementary disclosure from the Independent Expert.

Explaurum Board

As Ramelius now has a relevant interest in 26.73% of Explaurum Shares, a nominee of Ramelius will be invited to join the Explaurum Board.

Cancellation of Alkane Meeting

As the Alkane Strategic Investment is no longer proceeding and the Ramelius Offer will become unconditional, Explaurum intends to cancel to the General Meeting scheduled for Friday, 21 December 2018.

For further information, contact:

John Lawton
Managing Director
Explaurum Limited
+617 3333 2722

Brian Kinsella
Greg Arandt
Ironstone Capital
+612 9133 9000

Michael Vaughan (media)
Executive Director
Fivemark Partners
+61 422 602 720