



# Fourth Supplementary Target's Statement

In response to the takeover offer made by

**Auctus Chillagoe Pty Ltd**

ACN 605 055 285

For all the ordinary shares in

**Mungana Goldmines Limited**

ACN 136 606 338

the Directors of Mungana Goldmines Limited **MAINTAIN**  
their unanimous recommendation that you



# REJECT

Auctus' revised conditional Offer.

**TORRIDON  
PARTNERS**

**Financial adviser**

**ashurst**

**Legal adviser**

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with this document, you should consult your financial, legal or other professional adviser immediately.

## 1. Important Information

### Nature of this document

This document is the fourth supplementary target's statement prepared by Mungana Goldmines Limited ACN 136 606 338 (**Mungana**) under section 644 of the *Corporations Act 2001* (Cth) and is dated 23 July 2015 (**Fourth Supplementary Target's Statement**). This Fourth Supplementary Target's Statement is prepared in relation to the off-market takeover offer by Auctus Chillagoe Pty Ltd ACN 605 055 285 (**Auctus**) for all of the fully paid ordinary shares in Mungana.

This document supplements, and should be read together with:

- the target's statement lodged with ASIC on 28 May 2015 (**Original Target's Statement**);
- the first supplementary target's statement lodged with ASIC on 9 June 2015 (**First Supplementary Target's Statement**);
- the second supplementary target's statement lodged with ASIC on 26 June 2015 (**Second Supplementary Target's Statement**); and
- the third supplementary target's statement lodged with ASIC on 17 July 2015 (**Third Supplementary Target's Statement**).

This Fourth Supplementary Target's Statement prevails over the Original Target's Statement, the First Supplementary Target's Statement, the Second Supplementary Target's Statement and the Third Supplementary Target's Statement to the extent of any inconsistency.

### Defined terms

Capitalised terms used in this Fourth Supplementary Target's Statement have the meaning given in Section 11 of the Original Target's Statement, unless the context otherwise requires.

## 2. Snapshot of Key Points

<b>1</b>	Your Directors <b><u>maintain</u></b> their unanimous recommendation that you <b>REJECT</b> Auctus' revised Offer
<b>2</b>	The revised conditional Offer does not attribute sufficient value to Mungana's existing portfolio of assets
<b>3</b>	The conditional increase in the Offer Price is below the fair market value of a Mungana Share on a control basis determined by the Independent Expert
<b>4</b>	The revised conditional Offer is still highly conditional and uncertain

Accepting the Offer may deprive you of the ability to receive greater value from a competing bidder (should one emerge)

To **REJECT** the Offer, you should **TAKE NO ACTION** in relation all correspondence sent to you by Auctus.

### 3. Auctus' revised conditional Offer

In Auctus' fifth supplementary bidder's statement issued on 17 July 2015 (**Fifth Supplementary Bidder's Statement**), Auctus revised the terms of the Offer as follows:

- (a) **Conditional increase to Offer Price:** If Auctus receives sufficient acceptances of the Offer to acquire a relevant interest in 70% or more of the securities which are the subject of the Offer prior to the end of the Offer Period at 7.00 pm (Sydney time) on Friday, 24 July 2015, Auctus will:
  - (i) increase the Offer Price to 17 cents per Mungana Share; and
  - (ii) declare the Offer free from all remaining Offer Conditions, other than the Offer Condition in section 8.9(cc) of the Bidder's Statement.
- (b) **No further increase statement:** Other than as set out above, Auctus will not consider any further increase to the Offer Price unless a competing takeover proposal for Mungana is announced or lodged with ASIC or otherwise commenced by a third party (whether such proposal is stated to be by way of takeover bid, scheme of arrangement or otherwise).
- (c) **No extension statement:** The Offer Period will not be extended unless there is an automatic extension under section 624(2) of the Corporations Act due to an increase in the Offer Price in the circumstances contemplated in paragraph 3(a) or if Auctus' voting power increasing to more than 50%, or one of the events set out in section 650C(2) of the Corporations Act occurs.

### 4. Your Directors' unanimous recommendation

Your Directors have carefully considered the terms of Auctus' revised conditional Offer and continue to believe that the offer is **INADEQUATE** and does not reflect fair value for your Mungana Shares. Accordingly, your Directors maintain their unanimous recommendation that you **REJECT** the revised Offer and **TAKE NO ACTION** in relation to all correspondence sent to you by Auctus.

Mr John Fitzgerald (being the only Director who current has a relevant interest in any Mungana Shares) intends to **REJECT** the revised conditional Offer in respect of the Mungana Shares he owns or controls. As at the date of this Fourth Supplementary Target's Statement, Mr Fitzgerald has a relevant interest in 27,143 Mungana Shares.

### 5. Why you should REJECT the revised conditional Offer

Your Directors repeat the reasons set out in Sections 1.1 and 1.2 of the Original Target's Statement, which continue to be relevant. In short, those reasons are as follows:

- **Value potential of Mungana's assets:** The Chillagoe Project, which includes the King Vol Zinc Project and which is in the early stages of its development, and the Newcrest Agreement, in respect of which Newcrest has only recently commenced exploration in order to meet its minimum expenditure requirement, both represent an outstanding opportunity to create value for Mungana Shareholders. The conditional increase in the

Offer Price to 17 cents per Mungana Share does not reflect an adequate premium for control of Mungana's assets.

- **Fair value of a Mungana Share:** The conditional increase in the Offer Price to 17 cents per Mungana Share is below the fair market value of a Mungana Share on a control basis of 24.19 cents to 31.69 cents determined by the Independent Expert in the Independent Expert's Report.

In respect of the reasons set out in Sections 1.3 and 1.4 of the Original Target's Statement, your Directors note the following:

- **Potential for competing bidder:** As noted below, since the date of the Second Supplementary Target's Statement, Mungana has been in discussions with a potential competing bidder. Further details in relation to this are set out in Section 5 below. If you accept Auctus' revised conditional Offer and that offer becomes unconditional, **you will not be able to benefit from any competing offer** (should one emerge, as to which there can be no assurance).

If, contrary to your Directors' recommendation, you would be inclined to accept Auctus' Offer if it were to be increased to 17 cents, **your Directors strongly recommend that you wait** before doing so to see whether Auctus obtains a relevant interest in 70% of Mungana shares. This is advisable because:

- if you accept before then, and a higher competing proposal is announced, you may be unable to accept the higher proposal; and
- if Auctus does obtain a relevant interest in 70% or increases its offer, there will be an automatic extension of Auctus' Offer, giving you at least a further 14 days to accept if no higher competing proposal eventuates.
- **Highly conditional and uncertain:** Auctus' revised conditional Offer is still highly conditional and uncertain, despite Auctus confirming that the FIRB approval condition has been fulfilled and noting that it will not treat certain events as a breach of an Offer Condition.

In the Fifth Supplementary Bidder's Statement, Auctus has said it will only declare the Offer free from all remaining Offer Conditions (other than the Offer Condition in Section 8.9(cc) of the Bidder's Statement) if it acquires a relevant interest in 70% or more of the securities which are the subject of the Offer prior to the end of the Offer Period. This cannot occur unless MPL, Kagara's wholly-owned subsidiary, accepts Auctus' revised conditional Offer.

## 6. Potential competing proposal

Mungana continues to be in discussions with the proponent of the proposal initially disclosed in the Second Supplementary Target's Statement. Since the date of the Third Supplementary Target's Statement, your Board has decided that it is in the best interests of Mungana Shareholders to grant due diligence access to the proponent of that proposal and has granted that access. Your Board considers that the potential value of the proposal, in the event it proceeds and is implemented, may be superior to Auctus' revised conditional Offer. There can be no assurance, however, that any proposal capable of acceptance will eventuate.

## 7. Other important information

### Lodgement with ASIC

A copy of this Fourth Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

**No account of personal circumstances**

This Fourth Supplementary Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. It does not contain personal financial advice. You should seek independent financial and taxation advice before making a decision as to whether or not to accept the Revised Offer.

**Disclaimer as to forward looking statements**

This Fourth Supplementary Target's Statement contains forward looking statements, including statements of current intention, opinion and predictions as to possible future events. These forward looking statements are based on, among other things, Mungana's assumptions, expectations, estimated objectives, plans and intentions as at the date of this Fourth Supplementary Target's Statement.

Forward looking statements are subject to inherent risks and uncertainties. Although Mungana believes that the expectations reflected in any forward looking statement included in this Fourth Supplementary Target's Statement are reasonable, no assurance can be given that such expectations will prove to be correct. Actual events, results or outcomes may differ materially from the events, results or outcomes expressed or implied in any forward looking statement.

Except as required by applicable law or the ASX Listing Rules, Mungana does not undertake to update or revise any forward looking statements, nor any other statements whether written or oral that may be made from time to time by or behalf of Mungana, whether as a result of new information, future events or otherwise.

Neither Mungana (nor any of its officers and employees), nor any other person named in this Fourth Supplementary Target's Statement with their consent, nor any person involved in the preparation of this Fourth Supplementary Target's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood or fulfilment of any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement.

**Consents**

Grant Thornton Corporate Finance Pty Ltd has given, and not withdrawn, before lodgment of this Fourth Supplementary Target's Statement with ASIC, its written consent to the inclusion of references to the Independent Expert's Report in the form and context in which they appear in this document.

As permitted by ASIC Class Order CO 13/521, this Fourth Supplementary Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or ASX, including the statements in relation to the Newcrest Agreement. Pursuant to this ASIC Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Fourth Supplementary Target's Statement. Mungana, on request during the Offer Period, will provide within two business days of the request, a copy of the document (or part) free of charge to a Mungana Shareholder. A copy may be obtained by contacting Mungana via email at [info@mungana.com.au](mailto:info@mungana.com.au). Copies of the documents filed with ASX may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) and Mungana's website at [www.munganagoldmines.com.au](http://www.munganagoldmines.com.au).

## 8. Authorisation

This document has been approved by a resolution passed by the Directors of Mungana.

Dated: 23 July 2015

Signed for and on behalf of Mungana:

A handwritten signature in black ink, appearing to read 'Tony James', with a large loop at the start and a horizontal line extending to the right.

**Tony James**  
Managing Director