

15 March 2016

TAKEOVERS PANEL DECLARES UNACCEPTABLE CIRCUMSTANCES AND ISSUES ORDERS FOR GULF

Metro Mining Limited (**Metro**) wishes to note today the Takeovers Panel (**Panel**) announced that it has made a declaration of unacceptable circumstances in relation to the affairs of Gulf Alumina Limited (**Gulf**) and has issued orders for Gulf.

By way of background, on 15 February 2016, Metro made an application to the Panel to address concerns Metro had in relation to information being provided by Gulf to its shareholders.

Metro now looks forward to Gulf providing the additional disclosure required under the orders made by the Panel to rectify the information deficiencies identified in paragraph 5 of the Panel's declaration of unacceptable circumstances, available below:

http://www.takeovers.gov.au/content/Media_Releases/2016/downloads/MR16-15.pdf

Given Metro's offer is now **UNCONDITIONAL**, Gulf shareholders can accept the offer with certainty and enjoy the benefits of being a Metro shareholder relative to remaining a Gulf shareholder, which, as demonstrated by Panel's decision and the further information required by the Panel, has significant risks.

As such, Metro urges Gulf shareholders to **ACCEPT** the offer without delay so the benefits of combining Metro's and Gulf's adjacent and highly complementary bauxite assets in the one entity under the stewardship of Metro's proven board and management team can be realised.

A summary of the Panel's declaration and orders are set out below.

Declaration of Unacceptable Circumstances for Gulf

On 11 March 2016, the Panel made a declaration of unacceptable circumstances in relation to the affairs of Gulf. As noted in the Panel's media release:

"The Panel has made a declaration of unacceptable circumstances ... in relation to an application dated 15 February 2016 by Metro Mining Limited in relation to the affairs of Gulf Alumina Limited (see TP16/08)"

In particular, the Panel's media release noted that Gulf's letter to its shareholders and its Target's Statement:

" ... contained insufficient or misleading information regarding the value of Gulf..."

In addition, the Panel in its declaration of unacceptable circumstances states that Gulf Target's Statement:

"... contains insufficient or misleading information regarding:

- *the comparative value of Gulf as a standalone entity and the Metro offer, and the bases on which the directors recommend that shareholders reject the Metro offer*
- *shareholder intentions not to accept the Metro offer*
- *Gulf's definitive feasibility study*
- *whether convertible notes used to value Gulf's ordinary shares were properly described as having been transferred on an 'arm's length' basis*
- *the status and terms of a Heads of Agreement arrangement described as an offtake agreement and*
- *the value of Gulf's Skardon River North tenement."*

The Panel's declaration of unacceptable circumstances goes on to conclude that given the deficiencies identified above that:

- *"Gulf shareholders have not been given enough information to enable them to assess the merits of the Metro offer and*
- *the acquisition of control over voting shares in Gulf is not taking place in an efficient, competitive and informed market."*

Takeovers Panel Orders for Gulf

On 11 March 2016, the Panel made orders to the following effect:

1. Value Disclosure or Independent Expert's Report Order

Gulf must include in a supplementary Target's Statement a comparative value of Gulf as a stand-alone entity and Metro's offer (that is, including Gulf as 44% of the merged entity) within 6 business days of the date of the Panel Orders.

The Gulf directors must also provide a clear explanation of the bases on which they have made their recommendation.

In addition, Gulf must provide further information in relation to Gulf's DFS, including the expertise and experience of the management personnel that compiled the DFS.

Alternatively, should Gulf not to provide the above, Gulf must obtain an independent expert's report including an opinion for Gulf shareholders on whether Metro's offer is fair and reasonable.

Gulf must instruct an independent expert within 5 business days of the date of the Panel Orders. Gulf must also instruct the expert to report within 4 weeks from when it is given its instructions.

Further detail in relation the Value Disclosure or Independent Expert's Report Order is set out in paragraph one of the Panel Orders.

2. Corrective Disclosure Order

Gulf must issue a supplementary Target's Statement, which provides corrective disclosure as required and approved by the Panel within 6 business days of the date of the Panel Orders.

In the supplementary Target's Statement, Gulf must provide additional information as provided by Gulf to the Panel, as well as range of further corrections and disclosures in relation to this additional information.

In addition, Gulf must retract previous value statements and include a statement that Gulf's directors are not relying on such value statements.

Gulf must also retract previous shareholder intention statements.

Further detail in relation the Corrective Disclosure Order is set out in paragraph three of the Panel Orders.

Further Information

For further information or assistance, Gulf shareholders are encouraged to contact the Metro offer Information Line on +61 7 3009 8000.

Further information on the Takeovers Panel is available at www.takeovers.gov.au



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