



ROCKLANDS RICHFIELD LIMITED

21 May 2012



山东能源集团有限公司
SHANDONG ENERGY GROUP CO., LTD.

Recommended, Cash Takeover Offer by Shandong Energy Group Co., Ltd (“Shandong Energy”) for Rocklands Richfield Ltd (“RCI”)

Transaction summary

- **Recommended cash offer of \$0.52 per ordinary share, valuing RCI at approximately \$206 million¹**
- **Attractive 79% premium to RCI’s share price on 29 March 2012 and 83% premium to RCI’s one-month VWAP to 29 March 2012**
- **The majority of RCI Directors including its Executive Chairman support the offer and recommend that RCI shareholders accept the offer, in the absence of a superior proposal**
- **RCI’s Executive Chairman and majority shareholder, Mr Wu Pun Yan, has entered into pre-bid purchase agreements with Linyi in respect of 19.9% of RCI’s current shares on issue and all of his options**

Rocklands Richfield Limited (“RCI” or the “Company”) (ASX: RCI) and Shandong Energy Group Co., Ltd. (“Shandong Energy”) are pleased to announce that RCI and a subsidiary of Shandong Energy, Linyi Mining Group Co. Ltd (“Linyi”) have entered into a Bid Implementation Agreement (“BIA”) under which Linyi (or a subsidiary) has agreed to make an off-market cash takeover offer for all the issued shares in RCI at a price of \$0.52 per share (the “Offer”). The Offer values RCI at approximately \$206 million¹.

The majority of RCI Directors, including its Executive Chairman and majority shareholder, believe the price is highly attractive and therefore recommend shareholders accept the Offer, in the absence of a superior proposal.

The Offer price represents a:

- 79% premium to the closing price of RCI shares to 29 March 2012 of \$0.29 per share, the last trading day prior to RCI’s announcement that it had received an indicative, non-binding and conditional proposal from Linyi to acquire all the issued capital in RCI;
- 83% premium to the one-month volume weighted average price (“VWAP”) of RCI shares to 29 March 2012 of \$0.28 per share; and
- 73% premium to the price of \$0.30 per share offered by Jindal Steel & Power (Australia) Pty Limited (“Jindal”) under its unsolicited on-market takeover bid for RCI in the first half of calendar 2011, which RCI’s independent directors rejected as not being in the best interests of RCI shareholders.

The majority of the RCI Directors’ support of the Offer follows careful consideration by them of the alternatives available to RCI, including proceeding with the development of RCI’s coal exploration projects on a stand alone basis. They have concluded that the Offer represents an attractive

¹ Based on an Offer price of \$0.52 x 368,203,917 RCI shares currently on issue = \$191.466 million, 206,933,334 options over an equivalent number of shares which Linyi has agreed to purchase for aggregate consideration of approximately \$4.139 million and assuming that a total of 20 million new shares will be issued on the conversion of the convertible unsecured notes during the Offer period and that those new shares will be eligible to participate in the Linyi Offer, resulting in a further cash consideration of \$10.400 million being paid by Linyi.

opportunity for RCI shareholders to realise the value of their investment at a substantial premium at a time when:

- RCI faces important funding and other requirements to develop its coal exploration assets to their full potential, noting the significant time, risks and uncertainties involved in bringing RCI's assets through development into production; and
- the global economic outlook and the outlook for the coal industry, in particular, is uncertain.

RCI's Executive Chairman and majority shareholder, Mr Wu Pun Yan ("Mr Wu"), said:

"Linyi's Offer provides RCI shareholders with a very attractive premium, which recognises the value inherent in our coal exploration assets and the substantial achievements of RCI in developing those assets to this point. The all cash nature of the Linyi Offer enables all shareholders to realise substantial value for their investment in RCI. The majority of the RCI Board believes that the relative certainty of Linyi's all cash offer compares favourably to the future value that RCI may be able to achieve for shareholders by continuing as an independent ASX listed company. The Linyi Offer removes the risks for shareholders associated with RCI seeking to execute its current business strategy as a continuing ASX listed company. I intend to accept the Offer in respect of all of my shares in RCI, in the absence of a superior proposal."

Details and Conditions of the Offer

The Offer is subject to some common conditions, including:

- Linyi having a relevant interest in at least 51.0% of RCI;
- Foreign Investment Review Board and People's Republic of China regulatory approvals;
- No material adverse change or prescribed occurrence events occurring during the Offer period; and
- RCI conducting its business within certain specified parameters.

Linyi may waive any or all of the conditions of the Offer (other than those pertaining to required regulatory approvals). A full list of the defeating conditions to the Offer is set out in Appendix A.

The Offer also extends to any new RCI shares issued during the Offer period, including on the conversion of five convertible unsecured notes that RCI has on issue which may convert into a further 20 million RCI shares in total.

Consistent with the negotiated, recommended nature of Linyi's Offer, the BIA contains certain break fee, exclusivity and other customary deal protections in favour of Linyi. RCI is also entitled to claim a break fee from Linyi in certain circumstances. The break fee payable by either party to the other is \$2 million. A summary of the key terms of the BIA is set out in Appendix B.

Pre-bid Agreements

Linyi has also entered into pre-bid agreements with RCI's Executive Chairman and majority shareholder, Mr Wu under which Mr Wu has agreed, subject to the Offer becoming unconditional and certain regulatory approvals, to:

- Sell 19.9% of the RCI shares on issue which he owns to Linyi at the Offer price (\$0.52 per RCI share); and
- Assign his interests in all his options (206,933,334 options over an equivalent number of RCI shares) to Linyi at a price of \$0.02 per option.

Jindal

Jindal currently holds an interest in approximately 27.94% of RCI's issued shares. As at the date of this announcement, the RCI Directors who are not affiliated with Jindal are not aware of the views of Jindal or its representative on the RCI board, Mr Rajesh Bhatia, in response to the Offer.

Mr Bhatia, as a director of RCI, is required to provide a statement for inclusion in RCI's target's statement in response to the Linyi Offer as to whether he recommends that shareholders accept or reject that offer and the reasons for his recommendation. Alternatively, if Mr Bhatia elects not to make any such recommendation, he must provide a statement for inclusion in RCI's target's statement of the reasons why he is not making a recommendation.

Next Steps

Linyi expect to dispatch its Bidder's Statement in relation to the Offer in early June 2012. Assuming the Bidder's Statement is dispatched by this time, RCI aims to dispatch its Target's Statement in late June 2012.

Advisers

Linyi is being advised by RBC Capital Markets as financial adviser, and Norton Rose and Gowlings as legal advisers. RCI is being advised by Minter Ellison as its legal adviser.

About Shandong Energy and Linyi

Shandong Energy is a holding company which through its subsidiaries engages in coal mining. The company also produces wind energy, nuclear energy, solar energy, and biomass energy. Shandong Energy was established in 2011 through the State-Owned Assets Supervision and Administration Commission of Shandong Provincial Government's (SASAC) consolidation of six mining companies in the Shandong province, which included Linyi. Shandong Energy currently ranks fifth in China in coal production. Currently Shandong Energy has 62 producing and development coal properties.

Linyi operates as a coal mining company and is a wholly owned subsidiary of Shandong Energy. Both are based in China.

About RCI

Rocklands Richfield Limited engages in the exploration and development of coalfields in Australia. It primarily explores for coking coal in the Bowen Basin region of Queensland. The company holds a 100% interest in the Hillalong mineral development license comprising approximately 3,189 hectares located in the northeastern section of the Bowen Basin (MDL 324); a 60% interest in the Rocklands project comprising a 150 square kilometre exploration permit located in the central part of the Bowen Basin (EPC 890); and a 60% interest in the Richfield coal project located in the Bowen Basin region (EPC 930). RCI is based in South Perth, Australia.

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APPENDIX A

OFFER CONDITIONS

The Offer will be subject to the following defeating conditions:

1. FIRB

Before the end of the Offer Period Linyi receives notice from the Treasurer of the Commonwealth of Australia (or his delegate) to the effect that there is no objection under the Commonwealth Government's foreign investment policy or under the *Foreign Acquisition and Takeovers Act 1975* (Cth) to the acquisition by Linyi of the RCI Shares under the Offer and that notice is not subject to any condition.

2. PRC Regulatory Approvals

Before the end of the Offer Period, the PRC Regulatory Authorities authorise the acquisition of and payment for the RCI Shares by Linyi under the Offer.

3. No regulatory action

Between the Announcement Date and the end of the Offer Period:

- i. there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority; and
- ii. no application is made to any Regulatory Authority (other than by Linyi or a Subsidiary of Linyi), or action or investigation is announced, commenced or threatened by any Regulatory Authority,

in consequence of, or in connection with, the Takeover Bid (other than a determination by ASIC or the Takeovers Panel in the exercise of powers and discretions conferred by the Corporations Act), which:

- iii. restrains, prohibits or impedes (or if granted or made could restrain, prohibit or impede), or otherwise materially adversely impacts upon:
 1. the making of the Takeover Bid or any transactions contemplated by the Takeover Bid; or
 2. the rights of Linyi in respect of RCI or RCI Shares to be acquired under the Takeover Bid; or
- iv. requires the divestiture by Linyi of any RCI Shares, or the divestiture of any assets of RCI or any Subsidiary of RCI.

4. Minimum Acceptance Condition

At the end of the Offer Period, Linyi has a Relevant Interest in at least 51% of RCI Shares.

5. No Material Adverse Change of RCI

Between the Announcement Date and the end of the Offer Period:

- i. there not having occurred, been announced, become probable or imminent or become known to Linyi or RCI (whether or not becoming public) any Material Adverse Change; and
- ii. it not becoming known to Linyi or RCI that information announced by RCI to ASX prior to the Announcement Date is, or is likely to be, incomplete, incorrect, untrue or misleading in a material respect when assessed in the context of the Takeover Bid and the Offer.

6. No Prescribed Occurrences

During the period from the date the Bidder's Statement is given to RCI and ending at the end of the Offer Period, none of the occurrences listed in section 652C(1) or (2) of the Corporations Act happen (other than the issue of RCI Shares pursuant to the exercise of

Options or the conversion of Convertible Unsecured Notes issued before the Announcement Date), that is:

- i. RCI converts all or any of its shares into larger or smaller number of shares;
- ii. RCI or a Subsidiary of RCI resolves to reduce its share capital in any way;
- iii. RCI or a Subsidiary of RCI:
 1. enters into a buy-back agreement; or
 2. resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- iv. RCI or a Subsidiary of RCI issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- v. RCI or a Subsidiary of RCI issues, or agrees to issue, convertible notes;
- vi. RCI or a Subsidiary of RCI disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- vii. RCI or a Subsidiary of RCI charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- viii. RCI or a Subsidiary of RCI resolves to be wound up;
- ix. the appointment of a liquidator or provisional liquidator of RCI or a Subsidiary of RCI;
- x. a court makes an order for the winding up of RCI or a Subsidiary of RCI;
- xi. an administrator of RCI, or a Subsidiary of RCI, is appointed under section 436A, 436B or 436C of the Corporations Act;
- xii. RCI or a Subsidiary of RCI executes a deed of company arrangement; or
- xiii. a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of RCI or a Subsidiary of RCI.

7. No Prescribed Occurrences between Announcement and service

During the period from the Announcement Date to the day before the Bidder's Statement is given to RCI, none of the occurrences referred to in paragraph 6 (i) – (xiii) of this Appendix happen (other than the issue of RCI Shares pursuant to the exercise of Options or the conversion of Convertible Unsecured Notes issued before the Announcement Date).

8. Conduct of RCI business

Between the Announcement Date and the end of the Offer Period, neither RCI, nor any Subsidiary of RCI:

- i. declares, or distributes any dividend, bonus or other share of its profits or assets;
- ii. makes any changes to its constitution or passes any special resolution or amends the terms of issue of any shares, options or other convertible securities;
- iii. gives or agrees to give any Third Party Rights over any of its assets otherwise than in the ordinary course of business and which is consistent with the plans or budgets of RCI which have been announced to ASX before the Announcement Date;
- iv. borrows or agrees to borrow any money;
- v. releases, discharges or modifies any substantial obligation to it of any person, firm or body corporate or agrees to do so;
- vi. conducts its business otherwise than in the ordinary course;

- vii. increases the number of Directors to more than 6 or has appoints any additional Director whether to fill a casual vacancy or otherwise (other than at the request of Linyi);
- viii. except as required by law or in circumstances where the total compensation payable by the RCI or any of its Subsidiaries to a Director or employee does not increase by more than 10% of the total compensation paid to that Director or employee as at 19 May 2012, does any of the following:
 - 1. enter or agree to enter into any contract of service or vary or agree to vary any existing contract of service with any Director or employee;
 - 2. make or agree to make any substantial change in the basis or amount of remuneration of any Director, employee or consultant; or
 - 3. except as provided under any superannuation, provident or retirement scheme or contract in effect on the Announcement Date, pay or agree to pay any retirement benefit or allowance to any Director or employee; or
- ix. passes any resolution for liquidation, or has appointed or becomes susceptible to the appointment of an administrator, a receiver, a receiver and manager or a liquidator, or becomes subject to investigation under the *ASIC Act 2001 (Cth)* or any corresponding legislation.

9. No material acquisitions, disposals, etc.

None of the following events occur between the Announcement Date and the end of the Offer Period:

- i. RCI, or any Subsidiary of RCI, acquires, offers to acquire, agrees to acquire or acquires an interest in property or other assets or makes an announcement in relation to such an acquisition where the value of the acquisition or proposed acquisition exceeds \$50,000;
- ii. RCI, or any Subsidiary of RCI, disposes (including by grant of Third Party Rights), offers to dispose, agrees to dispose or disposes of interests in (i) the Key Tenements or (ii) EPC930 or (iii) any property or other assets with a value (individually or in aggregate) of more than \$50,000 or makes an announcement in relation to such a disposal;
- iii. RCI, or any Subsidiary of RCI, enters into, offers to enter into or announces that it proposes to enter into any joint venture, asset or profit sharing, partnership, stock exchange listing or dual listed company structure or makes an announcement in relation to such a commitment;
- iv. RCI, or any Subsidiary of RCI, incurs or commits to, or grants to another person a right the exercise of which would involve RCI or any Subsidiary of RCI incurring or committing to any capital expenditure or other liability, other than in accordance with a work program and budget which has been Disclosed to Linyi in the Due Diligence Material; or
- v. RCI, or any Subsidiary of RCI enters into, offers to enter into or announces that it proposes to enter into any form of commitment (including by grant of Third Party Rights) with any party or parties which would result in the creation of any right or entitlement to acquire coal, minerals or ore from RCI or any Subsidiary of RCI.

10. Material contracts

Between the Announcement Date and the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise any right (whether subject to conditions or not) which has or is likely to result in:

- i. any monies borrowed by RCI or a Subsidiary of RCI being or becoming repayable or being capable of being declared repayable immediately or earlier than the previous repayment date;
- ii. termination or variation of any material agreement with RCI or a Subsidiary of RCI or any action being taken or claim arising under such an agreement;
- iii. the interest of RCI or any Subsidiary of RCI in any firm, joint venture, trust, corporation or other entity or asset being terminated, modified or required to be transferred, disposed of or redeemed; or
- iv. the business of RCI or any Subsidiary of RCI with any other person being materially adversely affected,

as a result (directly or indirectly) of Linyi acquiring or proposing to acquire RCI Shares.

11. Renewal of EPC930

EPC930 being renewed before the end of the Offer Period without material adverse conditions being imposed.

12. Status of Key Tenements

Between the Announcement Date and the end of the Offer Period there not being any material adverse change in the status or terms of the Key Tenements.

Refer to Appendix B for defined terms.

APPENDIX B

SUMMARY OF THE KEY TERMS OF THE BID IMPLEMENTATION AGREEMENT

1. Introduction

Linyi and RCI entered into the Bid Implementation Agreement (**BIA**) on 19 May 2012. The BIA sets out the terms and respective obligations of the parties in relation to Linyi's offer to acquire all of the issued ordinary shares in RCI by way of an off-market takeover bid.

A summary of the key terms of the BIA is set out below:

2. Exclusivity

(a) No Shop

During the Exclusivity Period, RCI and its representatives must not directly or indirectly solicit, invite or otherwise encourage or initiate any enquiries, negotiations or discussions or communicate an intention to do any of those things with a view to obtaining any expression of interest, offer or proposal from any person in relation to a Competing Proposal.

(b) No Talk

Subject to the exception set out in 2(e), during the Exclusivity Period RCI and its representatives must not:

- i. negotiate, accept or enter into, continue or participate in negotiations or discussions with any third party regarding a Competing Proposal, even if:
 1. the Competing Proposal was not directly or indirectly solicited, initiated or encouraged by RCI or any of its representatives; or
 2. that third party has publicly announced its Competing Proposal
- ii. make available to any person (other than to Linyi), or permit any third party to receive, any non-public information relating to RCI or its Subsidiaries in connection with a Competing Proposal, or the formulation, development, assessment or finalization of a Competing Proposal.

(c) Notification

During the Exclusivity Period, RCI must promptly notify Linyi if RCI or any of its representatives is approached by any person to discuss or engage in any activity that would breach its obligations in relation to the No Talk restrictions in paragraph 2(b) above.

Further, subject to the exception set out in 2(e) and as soon as reasonably practicable, RCI must provide in writing to Linyi the identity of that person, and the terms and conditions of any proposed Competing Proposal.

(d) Matching Right

RCI must not enter into an agreement in relation to the Competing Proposal, none of the Directors may change their recommendation or publicly comment until notification has been given to Linyi.

Before the RCI board withdraws or changes its recommendation after determining that a Competing Proposal constitutes a Superior Proposal, RCI must:

- i. provide Linyi with sufficient details in relation to the Superior Proposal to enable Linyi to respond to the Superior Proposal; and
- ii. give Linyi at least 5 business days after the provision of details to respond to the Superior Proposal if Linyi chooses in its absolute discretion to do so.
- iii. Within the 5 business days, Linyi has the opportunity to amend the terms and conditions of the Takeover Bid including but not limited to increasing the amount of consideration, and if Linyi chooses to amend the terms and conditions, RCI must review the counter proposal in good faith.

(e) Exceptions

The No Talk restrictions in 2(b), the Notification obligation in 2(c) and the Matching Right in 2(d) do not apply in respect of a Competing Proposal where:

- i. the Competing Proposal is or may be reasonably expected to lead to a Superior Proposal; and
- ii. the RCI board, acting in good faith and having taken advice from external lawyers, determines that to take or not take the relevant action would be likely to involve a breach of the fiduciary or statutory duties owed by any director.

3. Compensation Amount

A reimbursement amount of \$2,000,000 will be payable by RCI if:

- a) at any time before the Long Stop Date, any Director other than the Jindal Nominee Director, endorses or otherwise supports a Competing Proposal made by a third party;
- b) a person other than a member of Linyi Group, acquires or agrees (conditionally or otherwise) to acquire control of RCI, to acquire the whole or a substantial part of the business or assets of RCI or the RCI Group or otherwise acquires or merges or agrees (conditionally or otherwise) to acquire or merge with RCI, where an agreement in relation to that acquisition is entered into before the Long Stop Date;
- c) a Competing Proposal is announced before the Long Stop Date and, within six months after the Long Stop Date the person making the Competing Proposal (whether alone or together with one or more Associates), acquires a Relevant Interest in 50% or more of all RCI Shares;
- d) any Director other than the Jindal Nominee Director, fails to make, or makes and then changes or withdraws a recommendation to RCI Shareholders to accept the Offer made under the Takeover Bid in respect of all RCI Shares or otherwise makes any public statement that suggests that the Takeover Bid is no longer recommended, other than because the BIA is terminated by RCI;
- e) RCI breaches any of its obligations under the exclusivity provisions of the BIA;
- f) Linyi terminates the BIA for breach by RCI; and

- g) RCI does or omits to do anything that results in any of the Conditions being breached or becoming incapable of being satisfied, and Linyi does not waive the Condition.

A reimbursement amount of \$2,000,000 will be payable by Linyi if:

- a) Linyi does not make offers to RCI Shareholders under the Takeover Bid within 2 months of the date of the BIA, unless before that time there is a breach of a Condition;
- b) Linyi does not use all reasonable endeavours to satisfy the FIRB and PRC Regulatory Approvals Conditions;
- c) Linyi does not pay the consideration due under the Offers in accordance with the terms and conditions of the Offer and the Bidder's Statement; or
- d) RCI terminates the BIA for breach by Linyi.

4. Termination

Material breach

The BIA may be terminated by either party if:

- a) the other party is in material breach of the BIA; or
- b) there is a material breach of a representation or warranty.

Termination by Linyi

The BIA may be terminated by Linyi if:

- a) there is a material breach of the exclusivity provisions of the BIA or the fiduciary carve out is relied on;
- b) any director other than a Jindal Nominee Director does not make, or changes its recommendation that RCI Shareholders accept the Offer made under the Takeover Bid; or
- c) any of the Condition are breached or incapable of being satisfied.

Termination by RCI

The BIA may be terminated by RCI if, the RCI Board (or a majority of the Directors) changes or withdraws their recommendation that RCI Shareholders accept the Offer.

Other termination rights

Either Linyi or RCI may terminate the BIA if:

- a) a Court or Authority issues a final and non appealable order or ruling or takes an action which permanently restrains or prohibits the Offer;
- b) Linyi withdraws the Offer for any reason including non-satisfaction of a Condition; or
- c) the Offer lapses without the Conditions being satisfied or waived; or

- d) the Offer has not become unconditional by the Long Stop Date.

5. Definitions

Capitalised terms used in Appendices A and B have the meanings given below:

Announcement Date means the date of this announcement, being 21 May 2012.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

BIA means the bid implementation agreement between Linyi and RCI dated 19 May 2012.

Competing Proposal means any expression of interest, proposal or offer by a party other than a member of Linyi Group in relation to a takeover bid, scheme of arrangement, plan of arrangement, amalgamation, joint venture, dual listed company structure, reverse takeover, purchase of assets or undertakings, share issue, capital reduction, buy back or other similar transaction under which:

- a) a person (together with the person's associates) other than a member of Linyi Group may acquire a Relevant Interest in more than 20% of one or more of the classes of securities of RCI or any securities in a Subsidiary of RCI;
- b) a person other than a member of Linyi Group may acquire Voting Power of more than 20% in RCI;
- c) a person other than a member of Linyi Group may acquire, directly or indirectly, any interest (including legal, equitable or economic) in all or a material part of the business or assets of RCI or a Subsidiary of RCI;
- d) RCI or a Subsidiary of RCI may acquire any material business or assets; or
- e) a person other than a member of Linyi Group may otherwise merge or amalgamate with or otherwise acquire control of RCI or a Subsidiary of RCI.

Consideration means the consideration to be provided by Linyi under the Offer, comprising \$0.52 cash in respect of each RCI Share held by a RCI Shareholder.

Convertible Unsecured Notes means 5 unsecured zero coupon notes that RCI has on issue as at the date of the BIA, with each note being for an aggregate principal amount of HKD5,000,000, convertible into 4,000,000 RCI Shares and otherwise issued in accordance with the terms of the Convertible Unsecured Note Agreement approved by RCI Shareholders on 26 September 2011.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of RCI.

Disclosed means fairly disclosed in sufficient detail so as to enable a buyer with experience in the coal exploration and mining industry or any of its Representatives to reasonably be able to identify the nature, scope and significance of the relevant matter, event or circumstance.

Due Diligence Material means those documents provided by RCI to Linyi in respect of the Takeover Offer, and index of which has been agreed and initialled by the parties.

Encumbrance means in relation to any asset:

- a) a mortgage, charge, lien, pledge, hypothecation or other encumbrance over the asset;
- b) a profit a prendre, easement or restrictive covenant affecting the asset;
- c) a caveat, garnishee order, writ of execution, right of set-off, assignment by way of security, deposit of money by way of security or monetary claim affecting the asset;
- d) a preferential interest, trust, title retention arrangement (other than in the ordinary course of business), or other estate, interest, claim or arrangement affecting the asset;
- e) a right, including a contractual right, an option, a right of first refusal, a right of pre-emption or other right, to acquire the property or to restrain any person from acquiring the asset;
- f) a right, including a lease, licence or other right, to occupy or use the asset; or
- g) an agreement to grant, create or register any of them or to allow any of them to exist,

and whether the Encumbrance is registered or unregistered, statutory, legal or equitable.

Exclusivity Period means the period starting on the date of the BIA and ending on the first to occur of:

- a) the termination of the BIA ; and
- b) the Long Stop Date.

Key Tenements means MDL324 and EPC890.

Long Stop Date means the earlier of:

- a) the date on which the Offer Period in respect of the Takeover Bid ends; and
- b) the date which is 6 months after the date of the BIA, or such later date as Linyi and RCI agree in writing.

Material Adverse Change means one or more events, matters, changes or circumstances which (individually or when aggregated) have or could reasonably be expected to have, a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of RCI or any of its Subsidiaries (taken as a whole), including any one or more events, matters, changes or circumstances which have had, or could reasonably be expected to have, the effect of:

- a) diminishing the net assets of RCI by 10% or more, compared to the value of the net assets of RCI set out in its consolidated balance sheet as at 31 December 2011; or
- b) incurring any obligations, liabilities, costs or expenses (contingent or otherwise), other than capital or exploration expenditure, where the

quantum (whether individually or when aggregated) exceeds \$1,500,000 in any 6 month period,

other than:

- a) anything required or permitted to be done or not done under the BIA;
- b) any event, matter, change or circumstance Disclosed in the Disclosure Material or in public filings by a member of RCI Group to ASX or ASIC three Business Days prior to the date of the BIA; and
- c) any event, matter, change or circumstance in or relating to:
 - (i) economic, business, regulatory or political conditions in general;
 - (ii) credit, financial or currency markets in general or the state of the securities markets in general (including any reduction in market indices); or
 - (iii) any change affecting the mining industry generally (including fluctuations in commodity prices).

Offer means the offer by Linyi to acquire each RCI Share (including all rights attaching to them) under the Takeover Bid.

Offer Period means the period the Offer is open for acceptance.

PRC Regulatory Authorities means:

- a) State-owned Assets Supervision and Administration Commission of Shandong Provincial Government;
- b) Shandong Development and Reform Commission;
- c) Department of Commerce of Shandong Province; and
- d) State Administration of Foreign Exchange Shandong Branch.

Prescribed Occurrence means an event or occurrence described in sections 652C(1) and (2) of the Corporations Act, other than the issue of RCI Shares pursuant to the exercise of Options or the conversion of Convertible Unsecured Notes issued before the date of the BIA.

RCI Group means RCI and its related entities.

RCI Shareholder means a person who is registered in RCI's register of members as the holder of one or more RCI Shares from time to time.

RCI Share means a fully paid ordinary share issued in the capital of RCI.

Relevant Interest has the meaning given in the Corporations Act.

Subsidiary has the meaning given in section 9 of the Corporations Act.

Superior Proposal means a bona fide Competing Proposal that the RCI Board determines, acting in good faith and in order to satisfy what the RCI Board considers to be its fiduciary and statutory duties, after having taken advice from Australian lawyers

who are independent of RCI and who regularly provide advice in this area, is capable of being valued and would, if completed substantially in accordance with its terms, be more favourable to RCI Shareholders (as a whole) than the Takeover Bid (as varied by Linyi, or any subsequent proposal made by Linyi), having regard to all terms, conditions and any other material aspects of the Competing Proposal and the Takeover Bid.

Takeover Bid means the off-market takeover bid to be made by Linyi for all RCI Shares under the Corporations Act, subject to the defeating conditions set out in Appendix A.

Third Party Rights means all Encumbrances or adverse interests of any nature and restrictions on transfer of any nature (legal or otherwise).