



Joint ASX Announcement

20 February 2019

Intrepid and AIC agree to merge

AIC Resources Limited (ASX:AIC) (**AIC**) and Intrepid Mines Limited (ASX:IAU) (**Intrepid**) are pleased to announce that following the unsuccessful close of the Intrepid takeover offer for AIC on 5 February 2019, the companies re-engaged, having recognised the merit in combining the two companies, and have agreed to merge the companies on revised terms. The merger will be implemented by way of an off-market takeover offer to be made by Intrepid for all of the issued ordinary shares in AIC (**Offer**).

Highlights

- **Intrepid will offer 1 Intrepid share for every 2 AIC shares pursuant to a recommended off-market takeover bid**
- **Board of directors of the combined entity to include a combination of experienced AIC and Intrepid directors**
- **The combined entity will have a strong focus on growth, led by Aaron Colleran as Managing Director and CEO and Josef El-Raghy as Chairman, both of whom have a track record of success in developing globally relevant mid-tier gold companies**
- **The combined entity will be well funded with low corporate overheads**
- **The initial asset of the combined entity is a large (~3,200km²) strategic land position in the underexplored Plutonic and Marymia region that is prospective for both gold and copper**

Proposed transaction

AIC and Intrepid have entered into a takeover implementation deed (**Implementation Deed**) in respect of an off-market takeover offer to be made by Intrepid for all of the issued ordinary shares in AIC. Under the Offer, Intrepid is offering 1 Intrepid share for every 2 AIC shares held. Upon successful completion of the transaction, existing AIC shareholders and Intrepid shareholders will own approximately 73% and 27% of the combined entity, respectively.

As the merger will involve the issue of more than 100% of Intrepid's current issued capital, the proposed merger is classified as a 'reverse takeover' for the purposes of the ASX Listing Rules and is therefore subject to the approval of Intrepid shareholders.



Strategic rationale

In the opinion of AIC and Intrepid directors, the merger provides a number of benefits for both AIC and Intrepid shareholders, including:

- combining the companies will deliver a large contiguous land holding which is highly prospective for gold and copper in Western Australia;
- the combined entity will benefit from a strong balance sheet, potentially providing a springboard for further growth;
- combining the companies will result in a meaningful reduction in administration costs; and
- an experienced board and management team, led by Aaron Colleran as Managing Director and CEO and Josef El-Raghy as Chairman, with Brett Montgomery (existing director of AIC), Richard Baumfield and Tony Wolfe (existing directors of Intrepid) as non-executive directors.

Board recommendations and intentions

The board of directors of AIC unanimously recommends to AIC shareholders that they accept the Offer, in the absence of a superior proposal. Each AIC director intends to accept the Offer with respect to all AIC shares owned or controlled by them, in the absence of a superior proposal, as soon as possible following the receipt of Intrepid shareholder approval in respect of the merger, and subject to the terms of the Implementation Deed. Each AIC director has consented to the release of this statement of intention on their behalf.

Commenting on the transaction, Josef El-Raghy, Chairman of AIC, said:

"I am very pleased that AIC and Intrepid have been able to re-engage and agree revised terms for combining the companies. This merger creates a strong platform for growth and delivers a dominant land position in the underexplored Plutonic and Marymia region."

The directors of Intrepid unanimously recommend that Intrepid shareholders vote in favour of the proposed merger at the upcoming general meeting to be convened. Each Intrepid director intends to vote all Intrepid shares in which they have an interest in favour of the proposed transaction at that general meeting.

Richard Baumfield, Chairman of Intrepid, commented:

"The combined company will be in a strong position with highly regarded management, a strong balance sheet and exciting gold and copper exploration potential."

Offer details

Pursuant to the Implementation Deed entered into between AIC and Intrepid, it is proposed that Intrepid will acquire all the issued ordinary shares of AIC by way of an off-market takeover offer. Under the Offer, accepting AIC shareholders will receive 1 fully paid ordinary share in Intrepid for every 2 existing fully paid ordinary shares they hold in AIC. Intrepid shareholders will continue to hold their existing ordinary shares in Intrepid.



The Offer is subject to a number of conditions, including:

- the receipt of acceptances under the proposed merger in respect of at least 90% of the AIC shares;
- the approval of the issue of the Intrepid shares by Intrepid shareholders for the purposes of ASX Listing Rule 7.1, on account of the proposed merger constituting a 'reverse takeover' for the purposes of the ASX Listing Rules; and
- the approval of the acquisition by Intrepid of all of the AIC shares held by Brahman Pure Alpha Pte Ltd (**Brahman**) (and the issue by Intrepid of one Intrepid share for every two AIC shares held by Brahman, to Brahman) under, and on the terms of, the Offer, for the purposes of ASX Listing Rule 10.1.

Key terms of the Implementation Deed

Under the Implementation Deed, AIC has agreed to use all reasonable endeavours to ensure that each director of AIC recommends that AIC shareholders accept the Offer, and undertakes to accept (or procure the acceptance of) the Offer in respect of all AIC shares held or controlled by him or her.

Each party has also agreed that it will, amongst other things:

- ensure the carrying on of its business in the ordinary course and in substantially the same manner as conducted at the date of the Implementation Deed and that it does not make any significant change to the nature or scale of its business or enter into any business or undertake any activities in which it was not engaged as at the date of the Implementation Deed;
- not perform or allow for certain customary prohibited actions to occur, including, amongst other things, issuing new equity securities or disposing of any interest in substantially all of the assets of its business; and
- provide various customary representations and warranties in favour of the other party.

Each party will, however, still be able to do such things and perform such actions in relation to matters that have been publicly announced on ASX prior to the date of the Implementation Deed, that are done with the prior written consent of the other party (such consent not to be unreasonably withheld or delayed), or which are done to permit the party to comply with its obligations under the Implementation Deed.

In addition, the parties have agreed to certain exclusivity arrangements until the earlier of the date of termination of the Implementation Deed or the end of the Offer period (**Exclusivity Period**). The Implementation Deed contains no shop, no talk and no due diligence restrictions during the Exclusivity Period (to the extent that complying with these restrictions does not involve a breach of either party's directors' fiduciary duties), that restrict the parties from soliciting any competing proposals from, entering into discussions with, or providing due diligence material to, any competing third party. However, these restrictions do not prevent either party from considering an unsolicited competing proposal that is or would reasonably be expected to result in a superior proposal where, amongst other things:

- not to do so would constitute a breach of that party's directors' fiduciary duties; and
- appropriate confidentiality agreements are first entered into to appropriately protect the confidential information of both Intrepid and AIC.



Both Intrepid and AIC have the right, but not the obligation, to match any competing proposal of this nature. The matching right under the Implementation Deed requires notice to be provided to the other party of a competing proposal, allowing that other party the right to counter offer. No break fee is payable under the terms of the Implementation Deed.

The full terms of the Implementation Deed have been separately released by AIC to ASX.

Indicative timetable

Announcement	20 February 2019
Bidder's statement and target's statement expected to be lodged	Late February 2019
Offer period commences	Late February 2019
Release of notice of Intrepid general meeting	Early March 2019
Intrepid general meeting	Early April 2019

The above dates are indicative only and remain subject to change.

Legal counsel

AIC has appointed Allen & Overy as legal counsel.

Intrepid has appointed McCullough Robertson as legal counsel.

For further information

Further information about the companies is available on the AIC and Intrepid websites (see www.aicresources.com.au and www.intrepidmines.com.au).

Forward looking statements and disclaimers

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