

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE
ATTENTION.**

If you are in any doubt as to how to deal with it, you should consult your legal,
financial or other professional adviser immediately.

Bidder's Statement ACCEPT

the Cash Offer by Auctus Chillagoe Pty Ltd
ACN 605 055 285

to acquire ALL of your fully paid ordinary shares in

Mungana Goldmines Limited
ACN 136 606 338

for \$0.135 cash per share

The Offer is dated 13 May 2015 and is scheduled to close at 7:00pm (AEST) on 15 June 2015,
unless extended or withdrawn.



**HARDY ♦ BOWEN
LAWYERS**

IMPORTANT INFORMATION

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document, please consult your financial or other professional adviser immediately. You should read the contents of this Bidder's Statement in its entirety.

Bidder's Statement

This document (**Bidder's Statement**) is given by Auctus Chillagoe Pty Ltd (**Auctus**) under Part 6.5 of the Corporations Act in relation to an off-market takeover offer by Auctus to acquire all your Mungana Shares and includes certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 29 April 2015. Neither ASIC nor any of its officers take any responsibility for the content of this Bidder's Statement.

Investment Advice

The information in this Bidder's Statement is general information only and does not take into account your individual objectives, financial situation or needs. You should consider whether the information in this Bidder's Statement is appropriate for you in light of your objectives, financial situation and needs. You should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Notice of foreign Mungana Shareholders

This Bidder's Statement and the Offer are subject to Australian disclosure requirements which may be different from those applicable in other jurisdictions. This Bidder's Statement and the Offer do not in any way constitute an offer in any place which, or to any person to whom, it would not be lawful to make such an offer.

This Bidder's Statement is intended to be distributed in Australia. The distribution in other jurisdictions may be restricted by law or regulation. Persons who come into possession of this Bidder's Statement should inform themselves of, and observe, these restrictions.

Forward Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on Auctus' current expectations and predictions about future events, including Auctus' intentions (which include those detailed in Section 5). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that are specific to the industry in which Auctus operates as well as general economic conditions, prevailing exchange rates and conditions in the financial market.

None of Auctus, its officers, persons named in this Bidder's Statement with their consent nor any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward-looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved.

The forward-looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

Information regarding Mungana

In preparing the information relating to Mungana contained in this Bidder's Statement, Auctus has relied on publicly available information relating to Mungana which has not been independently verified by Auctus or the Auctus Directors.

Risks may exist in relation to Mungana of which Auctus is unaware. If any material risks are known to the Mungana Directors, they must be disclosed in the Target's Statement to be issued by Mungana.

Accordingly, subject to applicable law, Auctus makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

Further information on Mungana may be included in the Target's Statement which Mungana is required to provide to all Mungana Shareholders in response to this Bidder's Statement.

Privacy Statement

Auctus will collect your information from Mungana's register of members for the purposes of making the Offer and, if accepted, administering your acceptance over your holding of Mungana Shares.

Auctus and its share registry may use your personal information on a confidential basis in the course of making and implementing the Offer. Auctus and its share registry may also disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC.

If you would like details of information about you held by Auctus, please contact Computershare Investor Services Pty Limited on 1300 482 171 (within Australia) or +61 3 9415 4146 (outside Australia).

Defined terms

Unless the contrary intention appears, the context requires otherwise or words are defined in Section 10, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Effect of Rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

In this Bidder's Statement, references to "Australian dollars", "AUD", "A\$" or "\$" are to the lawful currency of Australia and references to "USD", "US dollars" or "US\$" are to the lawful currency of the United States.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate.

Maps and Diagrams

Any maps and diagrams appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

Queries

You should contact your legal, financial or professional adviser if you are unsure about how to deal with this Bidder's Statement. If you have any enquires about the Offer, please contact the Mungana Shareholder Information Line 1300 482 171 (for callers within Australia) or +61 3 9415 4146 (for callers outside Australia) between 9:00am and 5:00pm (AEST) or contact your legal, financial or other professional adviser.

KEY DATES

Announcement Date	29 April 2015
Bidder's Statement lodged with ASIC and ASX and served on Mungana	29 April 2015
Despatch of Bidder's Statement to Mungana Shareholders	13 May 2015
Offer Period commences	13 May 2015
Offer Period closes (unless extended or withdrawn)	7:00pm (AEST) 15 June 2015

CHAIRMAN'S LETTER

Dear Mungana Shareholder

On behalf of Auctus Chillagoe Pty Ltd (**Auctus**), I am pleased to present to you a cash offer (**Offer**) to acquire all of your ordinary shares in Mungana Goldmines Limited (**Mungana**) for \$0.135 per share.

Who is Auctus?

Auctus was incorporated on 31 March 2015 as a special purpose vehicle for the specific purpose of making the Offer. Auctus is a wholly owned subsidiary of Auctus Chillagoe Holdings Pty Ltd (**Auctus Holdings**), which was incorporated on 31 March 2015 as a holding company for the purposes of holding all of the issued share capital in Auctus.

Auctus Holdings is ultimately supported by private equity funds advised by Denham Capital Management LP, an energy and resources focused global private equity investment firm.

For further information on Auctus, please refer to Section 2 of the Bidder's Statement.

About the Offer

The Offer provides you a compelling opportunity to realise cash value for your investment in Mungana. The Offer provides a number of benefits to Mungana Shareholders, including but not limited to:

- the consideration under the Offer is all cash, providing Mungana Shareholders with certainty of value and liquidity and the Offer is not conditional on financing;
- an attractive premium for your Mungana Shares, which represents an approximate:
 - 29% premium to the closing price of Mungana Shares on ASX on 28 April 2015, being the last trading day for Mungana Shares prior to the date of this Bidder's Statement; and
 - 26% premium to the 30 day VWAP of Mungana Shares on ASX for the period ended 28 April 2015;
- the Offer removes your exposure to a number of significant risks associated with maintaining your investment in Mungana – including funding uncertainties due to the current difficult capital raising environment and the impact of the on-going liquidation of Mungana's majority shareholder, development and operational risks for Mungana's projects as well as general economic, market and liquidity risks; and
- Mungana's Share price may fall if the Offer is not successful.

How to accept the Offer

Please carefully read this Bidder's Statement. The Offer is subject to a number of conditions, *including*, amongst other things:

- Auctus obtaining sufficient acceptances under the Offer to enable it to exercise the right of compulsory acquisition under the Corporations Act;
- Auctus receiving FIRB approval for the purposes of the FATA so as to enable Auctus (and its associates) to acquire the Mungana Shares, Mungana Options and the Mungana Convertible Note;
- no material adverse change in the Mungana Group;

- no material acquisitions, disposals or new commitments being made by the Mungana Group;
- no Mungana Group Entity has entered or enters into any Product Agreements with any third party;
- Mungana either:
 - making a public disclosure to ASX or including in its Target's Statement a statement confirming that the condition of the Processing Plant is "Very Good" as defined in the Hassalls Report and the necessary material components to complete the construction of the Processing Plant are wholly owned by a Mungana Group Entity and are in condition which is fit for purpose; or
 - granting access to an independent expert appointed by Auctus to undertake a review of the Processing Plant and the receipt by Auctus of a report from such independent expert confirming the same;
- Mungana either:
 - making a public statement or including in its Target's Statement a statement confirming that the upgrade/connection to the Chillagoe substation and an upgrade to the power line between Turkinjie and Dimbulah have each been completed; or
 - granting access to an independent expert appointed by Auctus to undertake a review of the Chillagoe substation and power line between Turkinjie and Dimbulah and the receipt by Auctus of a report from such independent expert confirming the same; and
- Mungana making available to Auctus all information reasonably requested by Auctus in order for Auctus to conduct due diligence enquiries in relation to the Mungana Group to confirm various product arrangements and Niugini Mining Limited's security interest against Mungana.

The full terms and conditions of the Offer are in Section 8 of the Bidder's Statement.

I encourage you to accept the Offer as soon as possible. The Offer is scheduled to close at 7.00pm (AEST) on 15 June 2015, unless extended or withdrawn. To accept the Offer, please follow the instructions in the accompanying Acceptance and Transfer Form.

If you require any assistance, please contact the Mungana Shareholder Offer Information Line on 1300 482 171 (for callers within Australia) or +61 3 9415 4146 (for callers outside Australia) between 9:00am and 5:00pm (AEST) Monday to Friday.

Thank you for your consideration of the Offer. We look forward to receiving your acceptance.

Yours faithfully



Stephen Murdoch
Chairman
Auctus Chillagoe Pty Ltd

CORPORATE DIRECTORY

Directors	Mr Stephen Murdoch – Chairman and Managing Director Mr Paul Sims – Director Mr Terry O'Connor – Director
Registered Office	Suite 15, 58 Kishorn Road Mount Pleasant WA 6153
Company Secretary	Mr Paul Sims
Legal Adviser	Hardy Bowen Level 1, 28 Ord Street West Perth WA 6005
Corporate Adviser	KPMG Corporate Finance 235 St Georges Terrace Perth WA 6000
Mungana Shareholder Information Line	1300 482 171 (within Australia) + 61 3 9415 4146 (outside Australia)

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WHY YOU SHOULD ACCEPT THE OFFER

The Auctus Directors believe you should ACCEPT the Offer for the following reasons:

- 1. You are being offered full cash consideration, which delivers certain value for your Mungana Shares.**
- 2. The Offer represents an attractive premium to the recent trading prices of Mungana Shares.**
- 3. Accepting the Offer removes risks associated with maintaining your investment in Mungana.**
- 4. The future trading price of Mungana Shares is uncertain and may fall if the Offer is not successful.**
- 5. No superior proposal or alternative offer has emerged.**

The above is only a headline summary of some of the reasons why you should accept the Offer. Each of the reasons is explained in further detail below.

If you wish to accept the Offer, you must return the signed Acceptance and Transfer Form by 7:00pm (AEST) on 15 June 2015.

- 1. You are being offered full cash consideration, which delivers certain value for your Mungana Shares.**

The Offer provides certainty of value by delivering full cash consideration for your Mungana Shares at a fixed price per share. If you accept the Offer and the Offer becomes unconditional, you will:

- (a) be paid \$0.135 cash for each of your Mungana Shares;
- (b) not incur any brokerage fees which you would otherwise likely incur if you sell your Mungana Shares on market; and
- (c) be sent payment for your Mungana Shares via a cheque mailed to you on or before the earlier of:
 - (i) one month after you accept the Offer or one month after all of the Conditions have been waived or fulfilled (whichever is the later); and
 - (ii) 21 days after the end of the Offer Period (provided the Offer has become unconditional prior the end of the Offer Period).

This may be particularly attractive for Mungana Shareholders given the risks and uncertainties associated with remaining a Mungana Shareholder including, but not limited to:

- (a) future funding uncertainties in a time of constrained equity markets;
- (b) commodities price risk;
- (c) equity market risk; and
- (d) geological, exploration, development and operational risks associated with Mungana's projects.

If you do not accept the Offer, the amount you will be able to realise for your Mungana Shares will necessarily be uncertain. The Offer removes this uncertainty for Mungana Shareholders.

2. The Offer represents an attractive premium to the recent trading prices of Mungana Shares

The Offer price of \$0.135 per Mungana Share represents an attractive premium to recent trading prices and benchmarks of Mungana Shares. In particular, the Offer represents an approximate:

- (a) 29% premium to the closing price of Mungana Shares on ASX on 28 April 2015, being the last trading day for Mungana Shares prior to the date of this Bidder's Statement; and
- (b) 26% premium to the 30 day VWAP of Mungana Shares on ASX for the period ended 28 April 2015.



Note: VWAP refers to the volume weighted average price over the indicated period. All premiums and VWAP's have been calculated up until close of trade on 28 April 2015 being the last trading day prior to the date of this Bidder's Statement.

Source: This trading data was sourced from IRESS. IRESS has not consented to the use of the reference to this trading data in this Bidder's Statement.

3. Accepting the Offer removes risks associated with maintaining your investment in Mungana.

There are a number of risks associated with maintaining your investment in Mungana. These risks include:

- (a) future funding uncertainties in a time of constrained equity markets;
- (b) commodities price risk;
- (c) equity market risk; and
- (d) geological, exploration, development and operational risks associated with Mungana's projects.

As stated in the Mungana Half Year Report, Mungana's assets are in the exploration and evaluation phase. Mungana is currently non-revenue generating. The Mungana

Half Year Report notes the need for Mungana to raise additional funds should it decide to execute an expanded exploration program.

If Mungana Shareholders do not accept the Offer, the development of Mungana's projects may give rise to a significant funding requirement for Mungana Shareholders. This may take the form of substantial debt or equity capital raisings. If Mungana undertakes a rights issue, given that Kagara Limited, a major shareholder of Mungana (who as at the date of this Bidder's Statement has a Relevant Interest of 72.16% in Mungana) is in liquidation, the fundraising this is likely to require extensive additional commitment from other Mungana Shareholders or potentially dilutive placements to third parties. Further, there can be no assurance that the required additional funds will be available on acceptable terms, or at all.

Further discussion of the risks associated with continuing to hold your investment in Mungana is expected to be provided by Mungana in its Target's Statement.

If you accept the Offer and the Offer becomes unconditional, you will eliminate the risks associated with Mungana's future funding uncertainties and other risks associated with maintaining your investment in Mungana in exchange for a cash payment now.

4. The future trading price of Mungana Shares is uncertain and may fall if the Offer is not successful.

The trading price of your Mungana Shares will continue to be subject to market volatility, including general stock market movements, general economic conditions and the demand for listed securities.

Although there are many factors that may influence the price of Mungana Shares on ASX, there is a risk that the price of Mungana Shares may fall following the Offer Period if:

- (a) the Offer does not succeed and no other takeover offer is made for Mungana; or
- (b) the noteholders of the Mungana Convertible Note, who have the right to convert the Mungana Convertible Note into Mungana Shares at any time by giving Mungana a conversion notice at least three business days prior to the anticipated conversion date, elect to convert the Mungana Convertible Note into Mungana Shares.

The Offer provides an opportunity to dispose of all of your Mungana Shares and to realise full and certain value for your investment in Mungana.

5. No superior proposal or alternative offer has emerged.

As at the date of this Bidder's Statement, the Offer is the only offer available to Mungana Shareholders. Neither Mungana nor any third party has made any announcement with respect to a superior proposal or an alternative offer.

As at the date of this Bidder's Statement, Auctus is not aware of any other party intending to make a superior proposal or an alternative offer.

Accepting the Offer as soon as possible provides Mungana Shareholders with certainty and an attractive premium over the recent trading prices and benchmarks of Mungana Shares, rather than waiting for a superior proposal or alternative offer to emerge, which may never eventuate.

1. Summary of the Offer

The information in this Section 1 is a summary of the Offer only and is qualified by and should be read in conjunction with, the information detailed in the remainder of this Bidder's Statement.

You should read this Bidder's Statement in its entirety and the Target's Statement (which will be sent to you directly by Mungana) before deciding how to deal with your Mungana Shares. The detailed terms of the Offer are in Section 8.

The information in this Section 1 is set out by way of response to a series of questions. Auctus believes this is the most informative way to provide the information.

If you have any enquires about the Offer, please contact the Mungana Shareholder Offer Information Line on 1300 482 171 (for callers within Australia) or +61 3 9415 4146 (for callers outside Australia) between 9:00am and 5:00pm (AEST) Monday to Friday or contact your legal, financial or other professional adviser.

1.1 Overview of the Offer

Overview of the Offer	
What is Auctus offering to buy?	Auctus is offering to buy all Mungana Shares, on the terms detailed in this Bidder's Statement. You may only accept the Offer in respect of all (and not some) of the Mungana Shares held by you.
What will I receive if I accept the Offer?	If you accept the Offer, subject to satisfaction of the Conditions of the Offer (refer below and to Section 8.9), you will receive \$0.135 cash for each of your Mungana Shares.
How does the Offer price compare to the recent trading price of Mungana Shares?	The Offer price of \$0.135 per Mungana Share represents an attractive premium to recent trading prices and benchmarks of Mungana Shares. In particular, the Offer represents an approximate: (a) 29% premium to the closing price of Mungana Shares on ASX on 28 April 2015, being the last trading day for Mungana Shares prior to the date of this Bidder's Statement; and (b) 26% premium to the 30 day VWAP of Mungana Shares on ASX for the period ended 28 April 2015.
How long will the Offer remain open?	The Offer opens on 13 May 2015. Unless withdrawn or extended in accordance with the Corporations Act, the Offer is scheduled to close at 7:00pm (AEST) on 15 June 2015.
Can the Offer Period be extended?	The Offer Period can be extended at Auctus' election or otherwise in accordance with the Corporations Act, up to a maximum Offer Period of 12 months. Auctus will give Mungana Shareholders a written notice of any extension to the Offer Period in accordance with the Corporations Act.
What choices do I have as a Mungana	As a Mungana Shareholder, you have the following choices in respect of your Mungana Shares: (a) accept the Offer;

Overview of the Offer	
Shareholder?	<p>(b) sell all or some of your Mungana Shares on ASX (unless you have previously accepted the Offer for your Mungana Shares); or</p> <p>(c) do nothing.</p>
How do I accept the Offer?	To accept the Offer, you should follow the instructions detailed in this Bidder's Statement and in the enclosed Acceptance and Transfer Form. Your acceptance must be received in sufficient time so as to be processed before the end of the Offer Period.
Can I accept the Offer for part of my holding?	No, you may only accept the Offer for all of your Mungana Shares.
If I accept the Offer, can I withdraw my acceptance?	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Offer, Auctus varies the Offer in a way that postpones for more than one month the time that Auctus has to meet its obligations under the Offer (for example, if Auctus extends the Offer Period for more than one month while the Offer remains subject to any of the Conditions).
What happens if I do not accept the Offer?	<p>If you do not accept the Offer and Auctus acquires a Relevant Interest in at least 90% of Mungana Shares, and the other Conditions are satisfied or waived, Auctus intends to proceed to compulsorily acquire the outstanding Mungana Shares. If your Mungana Shares are compulsorily acquired by Auctus, it will be on the same terms as the Offer. However, you will receive the Offer Consideration later than the Mungana Shareholders who choose to accept the Offer.</p> <p>If the Offer becomes unconditional but Auctus does not become entitled to compulsorily acquire your Mungana Shares under the Corporations Act, unless you sell your Mungana Shares, you will remain a shareholder of Mungana. In these circumstances and, depending on the number of Mungana Shares acquired by Auctus, you may be a minority Mungana Shareholder.</p>
What happens if Auctus improves the Offer Consideration?	If Auctus improves the Offer Consideration, all the Mungana Shareholders who accept the Offer (whether or not they have accepted the Offer before or after such improvement) will be entitled to the benefit of the improved Offer Consideration, should the Offer become or be declared unconditional.
Are there conditions to the Offer?	<p>Yes, the Offer is subject to the Conditions (full details of which are provided in Section 8.9), which <i>include</i>, amongst other things:</p> <ul style="list-style-type: none"> (a) Auctus obtaining sufficient acceptances under the Offer to enable it to exercise the right of compulsory acquisition under the Corporations Act; (b) Auctus receiving FIRB approval for the purposes of the FATA so as to enable Auctus (and its associates) to acquire the Mungana Shares, Mungana Options and the Mungana Convertible Note; (c) no material adverse change in the Mungana Group; (d) no material acquisitions, disposals or new commitments being made by the Mungana Group; (e) no Mungana Group Entity has entered or enters into any Product Agreement with any third party;

Overview of the Offer	
	<p>(f) Mungana either:</p> <ul style="list-style-type: none"> (i) making a public disclosure to ASX or including in its Target's Statement a statement confirming that the condition of the Processing Plant is "Very Good" as defined in the Hassalls Report and the necessary material components to complete the construction of the Processing Plant are wholly owned by a Mungana Group Entity and are in condition which is fit for purpose; or (ii) granting access to an independent expert appointed by Auctus to undertake a review of the Processing Plant and the receipt by Auctus of a report from such independent expert confirming the same; <p>(g) Mungana either:</p> <ul style="list-style-type: none"> (i) making a public statement or including in its Target's Statement a statement confirming that the upgrade/connection to the Chillagoe substation and an upgrade to the power line between Turkinjie and Dimbulah have each been completed; or (ii) granting access to an independent expert appointed by Auctus to undertake a review of the Chillagoe substation and power line between Turkinjie and Dimbulah and the receipt by Auctus of a report from such independent expert confirming the same; and <p>(h) Mungana making available to Auctus all information reasonably requested by Auctus in order for Auctus to conduct due diligence enquiries in relation to the Mungana Group to confirm various product arrangements and Niugini Mining Limited's security interest against Mungana.</p> <p>Refer to Section 8.9 for further details of the Conditions.</p>
What if the Conditions are not satisfied or waived?	<p>If the Offer closes and the Conditions are not satisfied or waived, the Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your Mungana Shares (unless you otherwise sell them). Auctus will inform you of whether the Conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.</p>

1.2 Overview of Auctus

Overview of Auctus	
Who is Auctus?	<p>Auctus was incorporated on 31 March 2015 as a special purpose vehicle for the specific purpose of making the Offer. Auctus is a wholly owned subsidiary of Auctus Chillagoe Holdings Pty Ltd (Auctus Holdings), which was incorporated on 31 March 2015 as a holding company for the purposes of holding all of the issued share capital in Auctus.</p> <p>Auctus Holdings is supported by private equity funds advised by Denham Capital Management LP, an energy and resources focused global private equity investment firm.</p>

Overview of Auctus	
Who are the Auctus Directors and what experience do they have?	<p>The Auctus Directors are:</p> <ul style="list-style-type: none"> (a) Mr Stephen Murdoch – Managing Director; (b) Mr Paul Sims – Director; and (c) Mr Terry O'Connor – Director. <p>The Auctus Directors have extensive experience in the resources sector and a strong operational track record.</p> <p>Refer to Section 2.2 for further details on the Auctus Directors.</p>
Do the Auctus Directors have any securities in, or potential conflicts of interest in relation to, Mungana?	<p>The Auctus Directors do not have any securities in, or potential conflicts of interest in relation to, Mungana. Refer to Sections 3.7 and 7.1 for further details.</p>

1.3 Other Relevant Questions

Other Relevant Questions	
Can I sell my Mungana Shares on the market?	<p>Yes, but you may incur brokerage costs if you do. If you have already accepted the Offer, you will be unable to settle any subsequent sale of your Mungana Shares, subject to you being entitled to withdraw your acceptance.</p>
When will I receive my consideration if I accept the Offer?	<p>If you accept the Offer, Auctus will provide the Offer Consideration for your Mungana Shares on or before the earlier of:</p> <ul style="list-style-type: none"> (a) one month after you accept the Offer or one month after all of the Conditions have been waived or fulfilled (whichever is the later); and (b) 21 days after the end of the Offer Period (provided that the Offer has become unconditional prior to the end of the Offer Period). <p>Refer to Section 8.8 for further details.</p>
Will I need to pay any transaction costs if I accept the Offer?	<p>If your Mungana Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Auctus, you will not incur any brokerage fees connected with you accepting the Offer.</p> <p>If your Mungana Shares are in a CHESS Holding or you hold your Mungana Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees connected with accepting the Offer.</p>
What are the taxation implications of accepting the Offer?	<p>A general summary of the Australian taxation consequences for Mungana Shareholders who accept the Offer is detailed in Section 6. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. Mungana Shareholders should seek their own independent taxation advice in relation to the Offer.</p>

2. Profile of Auctus

2.1 Corporate Information

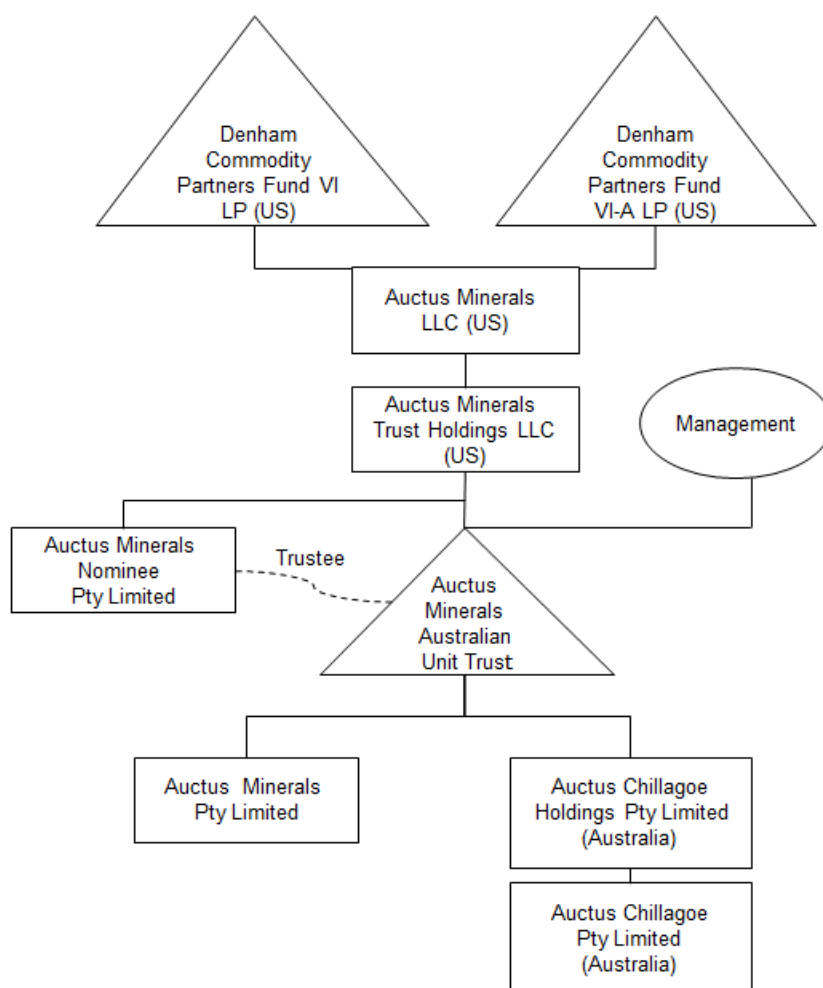
Auctus was incorporated on 31 March 2015 as a special purpose vehicle for the specific purpose of making the Offer. Auctus is a wholly owned subsidiary of Auctus Chillagoe Holdings Pty Ltd (**Auctus Holdings**), which was incorporated on 31 March 2015 as a holding company for the purposes of holding all of the issued share capital in Auctus.

Auctus Minerals Nominee Pty Ltd (**Trustee**) holds 100% of the issued capital in Auctus Holdings as trustee for the Auctus Minerals Australian Unit Trust (**Auctus Unit Trust**).

The units in the Auctus Unit Trust are held as to over 99% by Auctus Minerals Trust Holdings LLC (**Auctus LLC**), a Delaware limited liability company, with the remaining units held by entities affiliated to the Auctus Directors (**Management Unitholders**). Auctus LLC is wholly owned by Auctus Minerals LLC (**Auctus Minerals LLC**).

Auctus Minerals LLC is held as to over 90% by Denham Commodity Partners Fund VI LP and as to the remainder by Denham Commodity Partners Fund VI-A LP. Both funds are advised by Denham Capital Management LP (**Denham Capital**), an energy and resources focused global private equity investment firm.

The ownership structure of Auctus is detailed in the diagram below.



Auctus has not lodged any financial statements with ASIC and is not listed on any recognised stock exchange and therefore is not subject to periodic and continuous disclosure requirements of the Corporations Act or the ASX Listing Rules.

As at the date of this Bidder's Statement, Auctus has not undertaken any business other than activities associated with the Offer and has no assets or liabilities other than in connection with the Offer. Auctus' funding arrangements in relation to the Offer are detailed in Section 4.3 and Section 4.4.

2.2 Auctus Directors

A brief summary of each of the Auctus Directors is detailed below.

Mr Stephen Murdoch, Managing Director

Mr Murdoch is a Metallurgical Engineer with extensive experience in the resources sector and a strong operational track record.

A sample of Mr Murdoch's experience includes being Chief Executive Officer of Karara Mining Ltd, Executive Director of Cape Australia Holdings, Chief Operating Officer at Austal Ships Ltd and holding various positions at Mt Isa Mines (MIM), including Mine Manager at the Oaky North Coal Mine and General Manager Metallurgical Operations at Mt Isa.

Mr Paul Sims, Director

Mr Sims is a highly experienced and credentialed resources finance professional with over 30 years experience.

A sample of Mr Sims's experience includes being Chief Executive Officer and Chief Financial Officer at Karara Mining Ltd, commercial roles in the former WMC Resources Limited's nickel business and finance and commercial roles at Minara Resources Pty Ltd.

Mr Terry O'Connor, Director

Mr O'Connor is a Mechanical Engineer with a strong international track record of leading teams in turnaround initiatives, project delivery and in business development.

A sample of Mr O'Connor's experience includes being Chief Executive Officer of Sustainability Pty Ltd, an international consultancy and technical services provider and executive roles with a number of large international organisations including ExxonMobil Australia Pty Ltd, MTU Detroit Diesel Australia Pty Ltd and Terex Mining Australia Pty Ltd.

2.3 Overview of Auctus Group

The Trustee was incorporated on 14 October 2014 for the purposes of holding the assets of the Auctus Unit Trust on trust for Auctus LLC and the other unitholders of the Auctus Unit Trust.

The Auctus Unit Trust was established on 20 October 2014 for the primary purpose of engaging in activities related to mining, including identifying, evaluating and, as appropriate, investing in undercapitalised and poorly managed producing mining assets or projects that, with the application of capital and managerial efficiency, can quickly be brought to cash flow and profitability.

The Auctus Unit Trust is therefore focused on identifying, acquiring and developing promising projects into production and improving the economics of operational mining assets throughout Australia, in particular, non-coal projects that are either near or development ready.

In October 2014, wholly-owned affiliates of the Denham Funds entered into an agreement to provide up to US\$129 million to the Trustee for the purpose of funding the Auctus Unit Trust's pursuit of investment opportunities in the Australian resources industry.

Denham Capital is an energy and resources focused global private equity investment firm with more than US\$7.9 billion of invested and committed capital across seven funds. With offices in Boston, Houston, London, Perth and Sao Paulo, funds advised by Denham Capital make direct investments in the energy and resources sector, including mining, power generation and oil and gas businesses. Such investments are made across the globe and at all stages of the corporate lifecycle.

Further information in relation to Denham Capital is available on its website www.denhamcapital.com.

2.4 Publicly available information about Auctus

Auctus is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Auctus may be obtained from, or inspected at, an ASIC office.

3. Profile of Mungana

3.1 Disclaimer

This overview of Mungana and all financial information concerning Mungana contained in this Bidder's Statement has been prepared by Auctus using publicly available information.

The information in this Bidder's Statement concerning Mungana has not been independently verified. Auctus and the Auctus Directors do not, subject to applicable law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Mungana is not considered to be comprehensive. For more details regarding Mungana, you should refer to Mungana's ASX announcements and the Target's Statement, which will be sent to you by Mungana as required by the Corporations Act.

3.2 Overview of Mungana

Mungana is a gold and base metals exploration and development company which holds a portfolio of gold and base metal projects, mainly in Queensland, Australia. Mungana was listed on ASX on 10 June 2010 (ASX Code: MUX) as a spin out from fellow ASX listed Kagara Limited (ASX Code: KZL), which subsequently entered into liquidation in 2013. As at the date of this Bidder's Statement, Kagara Limited (in liquidation) remains a major shareholder of Mungana with a Relevant Interest, as at the date of this Bidder's Statement, of 72.16% in Mungana.

As at the date of this Bidder's Statement, Mungana has 240,907,171 shares on issue and a market capitalisation of approximately A\$25.3 million (based on the last traded price of Mungana Shares on ASX of A\$0.105 per share on 28 April 2015).

3.3 Overview of Mungana's Assets

Mungana's portfolio of gold and base metal projects include the following key projects:

(a) Chillagoe Project

The Chillagoe project is located approximately 210 kilometres west of Cairns in North Queensland. It covers a large strike length of the Chillagoe formation along the Parmerville fault. The area has historically produced zinc, copper, lead, silver and gold dating back to its first production in 1888.

Mungana currently has copper resources at Penzance and Griffiths Hill, which requires ongoing evaluation and the area has potential for further discoveries of base metals deposits.

The Chillagoe project also includes two large gold-copper-silver resources in the same area, Red Dome and Mungana. Situated three kilometres apart, the resources identified in these areas have potential for large scale open pit and underground mining.

Mungana's strategy is to consolidate the exploration tenure in the region and to progress the mining lease application over the high grade King Vol deposit. Mungana intends to review and monitor this project's financial parameters moving forward and consider alternative options that may enhance this project.

(b) **Charters Towers Project**

Mungana has eight tenements and one application in the Charters Towers area it considers prospective for gold and base metal or metals mineralisation. Mungana has stated that an internal data compilation and target review exercise will commence soon to assist in formulating a forward exploration strategy on the project.

3.4 Mungana's Board of Directors

As at 28 April 2015, the Mungana Directors are:

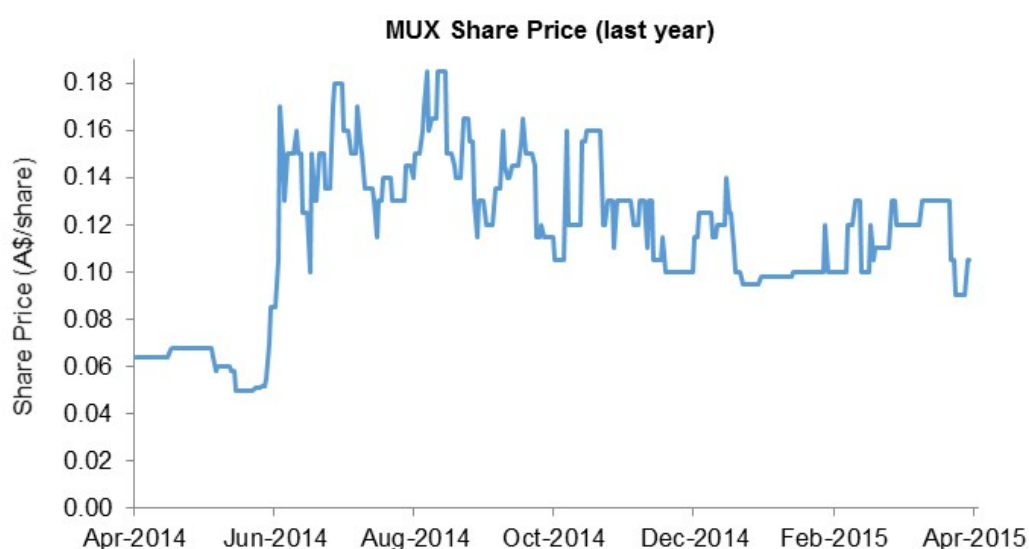
- (a) Mr John Fitzgerald – Chairman, Non-Executive Director;
- (b) Mr Anthony James – Managing Director, CEO;
- (c) Mr Justin Wu – Non-Executive Director; and
- (d) Mr Richard Yeates – Non-Executive Director.

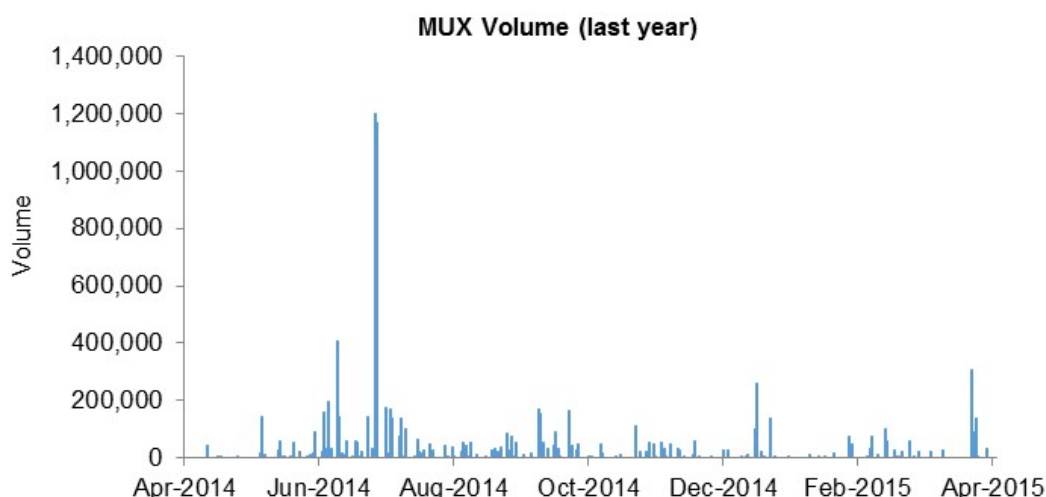
3.5 Information about Mungana securities

Based on the materials lodged with ASX up to 28 April 2015, Mungana's securities comprise of:

- (a) 240,907,171 Mungana Shares;
- (b) 250,000 unquoted Mungana Options; and
- (c) one Mungana Convertible Note.

The diagrams below show the price and daily volume of Mungana Shares on ASX for the year ending 28 April 2015, being the last trading day before the date of this Bidder's Statement. Mungana Shares have not traded above the Offer Price for over three months.





As at 28 April 2015, being the last trading day before the date of this Bidder's Statement:

- (a) the last recorded trading price of Mungana Shares was A\$0.105 per share;
- (b) the 10 day VWAP of Mungana Shares was A\$0.107 per share;
- (c) the 30 day VWAP of Mungana Shares was A\$0.107 per share;
- (d) the highest recorded trading price of Mungana Shares in the previous three months was A\$0.13 per share, most recently on 7 April 2015; and
- (e) the lowest recorded trading price of Mungana Shares in the previous three months was A\$0.09 per share, most recently on 23 April 2015.

3.6 Substantial shareholders

Based on materials lodged with ASX up to 28 April 2015, Mungana has received the following substantial shareholder notices:

	Date of becoming a substantial shareholder	Mungana Shares
Kagara Limited (in liquidation) and its related entities	10 June 2010	173,830,175 (72.16%)
Prosperity Steel United Singapore Pte Ltd	8 June 2010	13,000,000 (5.40%)
Guandong Guangxin Holdings Group Ltd	26 April 2012	25,120,000 (10.43%)

3.7 Auctus' interests in Mungana securities

As at the date of the Bidder's Statement:

- (a) neither Auctus nor any of its controlled entities; and
 - (b) none of the Auctus Directors nor their controlled entities,
- hold any interests in Mungana securities.

3.8 Publicly available information

Mungana is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. These obligations require Mungana to announce price sensitive information as soon as it becomes aware of the information, subject to the exceptions for certain confidential information.

For information concerning the financial position and affairs of Mungana, you should refer to the full range of information that has been disclosed by Mungana pursuant to those obligations. Mungana's annual report for the financial year ended 30 June 2014 was given to ASX on 1 September 2014. Mungana Shareholders may view complete copies of the audited consolidated financial statements of Mungana for the years ended 30 June 2014 and 30 June 2013 on ASX's website at www.asx.com.au or the Mungana website at www.munganagoldmines.com.au.

Since 30 June 2014, Mungana has made a number of announcements to ASX that may be relevant to its financial position, including Mungana's Quarterly Activities Report and Cashflow for the quarters ended 30 September 2014, 31 December 2014 and 31 March 2015, on ASX's website at www.asx.com.au or the Mungana website at www.munganagoldmines.com.au. A copy of each of these announcements may be obtained from ASX's website at www.asx.com.au or the Mungana website at www.munganagoldmines.com.au.

In addition, Mungana is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Mungana may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about Mungana is available in electronic form from www.munganagoldmines.com.au.

4. Sources of consideration

4.1 Form of consideration

The consideration for the acquisition of your Mungana Shares under the Offer is to be satisfied wholly by payment in cash.

4.2 Maximum consideration payable

The Offer is a 100% cash offer.

The maximum amount of cash that will be payable by Auctus if acceptances are received for all Mungana Shares on issue (including any Mungana Shares which may be on issue during the Offer Period if all of the Mungana Options are exercised and the Mungana Convertible Note is converted into Mungana Shares) is approximately A\$38 million (**Maximum Consideration**).

4.3 Sources of consideration

The Maximum Consideration, together with all associated transaction costs (**Funding Requirement**), will be funded by the Auctus Group pursuant to the Funding Commitment Deed, as detailed in Section 4.4.

The Auctus Group has in aggregate existing cash reserves and entitlements to cash in excess of the Funding Requirement and intends to fund the Offer solely through those sources.

An amount equal to the Funding Requirement is available to Auctus pursuant to the Funding Commitment Deed, on terms that will ensure Auctus is able to satisfy its payment obligations under the Offer as and when they fall due. The funds available under the Funding Commitment Deed are not subject to any security interests or rights of set off and are not required for other arrangements of the Auctus Group.

4.4 Funding Commitment Deed

Auctus has entered into a funding commitment deed dated 28 April 2015 pursuant to which the Denham Funds will ensure that Auctus has such funds as may be required by Auctus to pay the Maximum Consideration (**Funding Commitment Deed**).

Having regard to the arrangements and matters detailed in this Section 4, Auctus is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to satisfy its payment obligations under the Offer.

The Offer is not subject to any financing defeating conditions.

4.5 No hedging

Given that the Funding Commitment Deed is for an A\$ denominated amount, there are no hedging arrangements in place for movements in exchange rates in respect of the arrangements described in this Section 4.

5. Intentions of Auctus

5.1 Introduction

This Section 5 details Auctus' intentions in relation to:

- (a) the continued operation of Mungana;
- (b) any major changes to be made to the operations of Mungana, including any redeployment of Mungana's property; and
- (c) the future employment of the present employees of Mungana.

These intentions are based on the information concerning Mungana, its business and the general business environment which is known to Auctus at the time of preparing this Bidder's Statement, which is limited to publicly available information.

Final decisions regarding these matters will only be made by Auctus based on material information and circumstances at the relevant time. Accordingly, the statements in this Section 5 are statements of Auctus' current intentions only, which may change as new information becomes available to Auctus or as circumstances change.

The formulation and articulation of Auctus' intentions with regard to Mungana are necessarily limited as a result of Auctus only having access to publicly available information about Mungana and its affairs prior to making this Offer.

5.2 Auctus' intentions generally regarding Mungana

Auctus has reviewed information that has been publicly released in relation to Mungana, its current activities and its plans for the future. Auctus does not currently have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions.

As such, it is Auctus' current intention:

- (a) on the basis of the information concerning Mungana which is known to Auctus and the existing circumstances affecting the business of Mungana as at the date of this Bidder's Statement; and
- (b) subject to:
 - (i) the Strategic Review (detailed in Section 5.3);
 - (ii) any emergency or immediate actions that Auctus considers reasonably necessary as new information becomes available or circumstances change or in light of Auctus' technical and operational experience and expertise and its resources; and
 - (iii) Auctus' intentions detailed in Section 5.3 or 5.4 (as applicable),

that:

- (c) the business of Mungana will otherwise be continued in substantially the same manner as it is presently being conducted;

- (d) no major changes will be made to the business of Mungana;
- (e) there will not be any redeployment of the fixed assets of Mungana; and
- (f) the present employees of Mungana will largely be retained and/or redeployed as is most appropriate.

5.3 Intentions of Auctus if it acquires 90% or more of Mungana Shares

If Auctus acquires a Relevant Interest in 90% or more of Mungana Shares under the Offer, and so becomes entitled to proceed to the compulsory acquisition of outstanding Mungana Shares in accordance with Part 6A.1 of the Corporations Act, Auctus' intentions are as follows:

(a) **Strategic Review**

Subject to what is disclosed elsewhere in this Section 5.3, Auctus intends to undertake a detailed review of Mungana's activities, assets and liabilities to evaluate their prospects, strategic relevance, funding requirements and financial performance (**Strategic Review**). This may lead to modification of some of Mungana's existing projects and activities. The Strategic Review will provide the main platform for Auctus to:

- (i) undertake a review of Mungana's projects with a view to expeditiously determining which of those projects warrant continuation of appraisal and exploration activities and/or the maintenance of an interest via farm-in/joint venture arrangements with third parties;
- (ii) undertake a review of the corporate and administrative functions and overheads of Mungana and will seek, where possible, to effect a reduction in related expenses through the rationalisation of the corporate and administrative structure and operations of Mungana; and
- (iii) identify and assess the specific areas that may provide benefits to Mungana and the expected costs and time frames.

The Strategic Review is subject to any variations that Auctus considers necessary:

- (i) as new information becomes available or circumstances change; and
- (ii) in light of Auctus' technical and operational experience and expertise and its resources.

To this end, Auctus intends to prepare and implement a business integration plan with a view to ensuring that Mungana's projects are operated in order to maximise their value and long term viability.

(b) **Remove Mungana from the official list of ASX**

Auctus will seek to remove Mungana's listing on the official list of ASX.

(c) **Composition of Mungana Board**

Subject to the Corporations Act and Mungana's constitution, Auctus will seek to replace some or all of the members of the Mungana Board with its own

nominees. As at the date of this Bidder's Statement, Auctus has not determined which members of the Mungana Board will be replaced. Auctus will seek a management team and board that have both the relevant capabilities and experience to execute Auctus' revised strategy for Mungana.

(d) **Compulsory acquisition**

If entitled to do so, Auctus intends to proceed with the compulsory acquisition of all Mungana Shares not acquired under the Offer in accordance with the provisions of Chapter 6A.1 of the Corporations Act.

(e) **Buy-out of convertible securities**

The Offer does not extend to any Mungana Options or the Mungana Convertible Note. If entitled to do so, Auctus intends to offer to buy-out all holders of securities in Mungana which are convertible into Mungana Shares (including the Mungana Options and the Mungana Convertible Note) in accordance with the provisions of Chapter 6A.1 of the Corporations Act.

(f) **Corporate office and employees**

Subject to the Strategic Review, Auctus intends to continue to conduct Mungana's business. Auctus will however consider incorporating the functions performed by the corporate head office of Mungana into the administrative structure of the Auctus Group.

Subject to the Strategic Review, the present employees of Mungana will largely be retained and redeployed as is most appropriate. Auctus intends to discuss employment arrangements with Mungana's existing employees. However until the Strategic Review is completed, Auctus cannot determine the scope of any staff changes. If there are any redundancies, then it is expected that the relevant terms will be in line with applicable employment laws.

(g) **Elimination of duplication**

To the extent that activities and functions, including management, presently carried out by Auctus and Mungana will be duplicated, such duplication will be eliminated where it is economically efficient to do so.

(h) **Balance sheet date and accounting policy**

Auctus intends to conduct a review of Mungana's accounting policies. It is expected that this review will result in the adoption of Auctus' accounting policies.

5.4 Intentions of Auctus if it acquires less than 90% of Mungana Shares

Auctus has no present intention of waiving the Condition detailed in Section 8.9(b) in relation to minimum acceptance or any other Condition. However, Auctus reserves its right to declare the Offer free from any Conditions (including the Condition detailed in Section 8.9(b)).

Notwithstanding the above, this Section 5.4 includes Auctus' intentions if it were to declare the Offer free from the Condition detailed in Section 8.9(b) and the remaining Conditions were satisfied or waived (as may be applicable) and acquire less than 90% of the Mungana Shares. In such circumstances, Auctus would not immediately

become entitled to compulsorily acquire any outstanding Mungana Shares under Part 6A.1 of the Corporations Act.

(a) **General**

Auctus will implement the intentions detailed in Section 5.3 above to the extent that it is economically feasible and subject to the requirements of the Corporations Act and any applicable law. These intentions specifically include those in respect of the Strategic Review, corporate matters, corporate office and employees, elimination of duplication and general business integration.

(b) **ASX Listing**

Auctus will, in circumstances where illiquidity and the ASX Listing Rules permit, seek to remove Mungana's listing on the official list of ASX.

Mungana Shareholders should be aware that if Mungana continues to be listed on ASX, the decrease in the number of Mungana Shares available for ASX trading may have a material adverse effect on their liquidity and their market value.

(c) **Active major shareholder**

Subject to the Corporations Act, Auctus intends to become actively involved in determining Mungana's capital management policies and controlling the strategic direction of Mungana's business. Auctus intends (subject to the Corporations Act and Mungana's constitution) to procure the appointment of a majority of Auctus' nominees to the Mungana Board so that the proportion of Auctus' nominees is broadly in line with Auctus' voting power in Mungana.

Additionally, if Auctus receives acceptances under the Offer that bring its shareholding to more than 75% of Mungana Shares, it will be in a position to cast the votes required for a "special resolution" at a meeting of Mungana Shareholders. This would enable it to pass resolutions, for example, to amend Mungana's constitution.

(d) **Other intentions**

Auctus reserves the right to, at some later time, acquire further Mungana Shares in a manner consistent with the Corporations Act and Mungana's constitution.

It is possible that, even if Auctus is not entitled to proceed to compulsory acquisition of any outstanding Mungana Shares under Part 6A.1 of the Corporations Act, Auctus may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act, for example, as a result of acquisitions of Mungana Shares pursuant to the "3% creep" exception in item 9 of section 611 of the Corporations Act. If so, Auctus may exercise those rights of compulsory acquisition. Under this scenario, after completion of the compulsory acquisition of the outstanding Mungana Shares, Auctus intends to implement the intentions in Section 5.3, to the extent that is economically feasible and subject to the requirements of the Corporations Act and any applicable law.

5.5 Exercise of Mungana Options and the Mungana Convertible Note by Auctus

Auctus intends to apply for relief from ASIC to enable it to exercise any Mungana Options and/or convert the Mungana Convertible Note it may acquire pursuant to private arrangements referred to in Sections 7.6 and 7.7 and thereby increase its Relevant Interest in Mungana Shares. If Auctus were to exercise the Mungana Options and/or convert the Mungana Convertible Note acquired, the consequent increase in its holding of Mungana Shares may enable Auctus to reach the thresholds required in order to compulsorily acquire outstanding Mungana Shares. Auctus has no present intention to exercise any Mungana Options or convert the Mungana Convertible Note it may acquire pursuant to any private arrangements. Any decision to do so would be dependent on considerations including:

- (a) the voting power in Mungana which Auctus had acquired at the relevant time and whether increasing its Relevant Interest in Mungana Shares by exercising the Mungana Options and/or converting the Mungana Convertible Note acquired would materially affect or have the potential to materially affect its ownership or control of Mungana; and
- (b) the circumstances of Mungana and the Auctus Group at the relevant time.

5.6 Limitation on intentions

There may be limitations to Auctus' ability to give effect to its intentions as outlined in this Section 5 due to the legal obligations of the Mungana Directors to have regard to the best interests of Mungana and Mungana Shareholders, including the rights of minority shareholders and the requirements of the Corporations Act. Auctus may require legal and financial advice before deciding what action to take in connection with the intentions detailed in this Section 5, including in relation to any requirements for Mungana Shareholder approval.

6. Australian Tax Considerations

6.1 Introduction

The following is a general description of the Australian income and capital gains tax (**CGT**) consequences that may arise for certain Mungana Shareholders on disposing of their Mungana Shares (through acceptance of the Offer) in return for cash consideration. The Australian taxation consequences for Mungana Shareholders will depend on their individual circumstances. Mungana Shareholders should make their own enquiries and seek independent professional advice on their circumstances.

The information below is relevant only to those Mungana Shareholders who hold their Mungana Shares on capital account for the purpose of investment and who do not (or would not) hold those securities on revenue account. These comments relate to Mungana Shares only and not to options or other rights held over Mungana Shares.

Certain Mungana Shareholders (such as those engaged in a business of trading or investment, those who acquired their Mungana Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations or superannuation funds) will or may be subject to special or different tax consequences particular to their circumstances. Mungana Shareholders should obtain their own Australian tax advice specific to their own relevant circumstances.

Mungana Shareholders who are not resident in Australia for tax purposes should also take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of the disposal of Mungana Shares under the Offer.

6.2 Australian resident Mungana Shareholders

Acceptance of the Offer will involve the disposal by you of your Mungana Shares for Australian CGT purposes.

The disposal of Mungana Shares which are held on capital account will generally have CGT implications. Such disposal will constitute a CGT event for CGT purposes.

The date of disposal for CGT purposes will be the date the contract to dispose of the Mungana Shares is formed. If the Offer is accepted before Condition detailed in Section 8.9(a) (FIRB approval) is satisfied, the date the contract to dispose of the Mungana Shares is formed will be the date that FIRB approval is granted. If the Offer is accepted after Condition in detailed Section 8.9(a) is satisfied, the date the contract to dispose of the Mungana Shares is formed will be the date that the Offer is accepted.

If a Mungana Shareholder does not dispose of their Mungana Shares under the Offer and their Mungana Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those Mungana Shareholders will also be treated as having disposed of their Mungana Shares for CGT purposes. The date of disposal for CGT purposes will be the date when Auctus becomes the owner of the Mungana Shares.

Australian resident Mungana Shareholders may make a capital gain or capital loss on the disposal of their Mungana Shares under the Offer.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. If so, that net capital gain is included in assessable income and is subject to income tax. However, a "CGT discount" may be available to reduce the net capital gain for certain Mungana Shareholders (see further below).

Capital losses may not be deducted against other income for income tax purposes, but may be offset against capital gains realised in the same income year or be carried forward to be offset against future capital gains.

In general, a capital gain arising on the disposal of a Mungana Share under the Offer will be calculated on the basis of the difference between the capital proceeds of the disposal (i.e. the cash Offer Consideration received from Auctus) and the cost base of the Mungana Share. A capital loss will be calculated on the basis of the difference between the capital proceeds and the reduced cost base of the Mungana Share.

The cost base of Mungana Shares is generally their cost of acquisition. Certain other incidental costs associated with acquisition and disposal, such as brokerage or stamp duty (that are not deductible to the Mungana Shareholder), may be added to the cost base. The cost base or reduced cost base may have been reduced by any 'tax deferred' or other non-assessable distributions that you have received in respect of the Mungana Shares.

A Mungana Shareholder who is an individual, complying superannuation entity or trustee of a trust, may claim a "CGT discount" if they acquired (or are deemed to have acquired) their Mungana Shares 12 months or more before the time of disposal. This means that:

- (a) in the case of an individual (and, generally speaking, a trustee of a trust), only one-half of their net capital gain on those securities (after deducting available capital losses) would be taxable; and
- (b) in the case of a complying superannuation entity, only two-thirds of their net capital gain on those securities (after deducting available capital losses) would be taxable.

However, the methodology for trustees is complex, and such Mungana Shareholders should obtain specific advice in this regard, including in relation to the tax consequences of distributions attributable to discounted capital gains.

Mungana Shareholders should note that any available capital losses must be deducted from the gross capital gain before the "CGT discount" is applied.

The "CGT discount" is not available to companies, nor does it apply to Mungana Shares owned (or deemed to be owned) for less than the relevant 12 month period.

6.3 Non-Australian resident Mungana Shareholders

The application of the Australian CGT rules to non-residents is a highly complex area of the law and we therefore recommend that non-Australian resident holders of Mungana Shares seek their own advice on the Australian CGT implications of a disposal of the Mungana Shares.

A Mungana Shareholder who is not a resident of Australia for taxation purposes will not make a taxable capital gain on the disposal of Mungana Shares under the Offer unless their Mungana Shares are taxable Australian property.

Broadly, Mungana Shares held by a foreign resident should generally not be taxable Australian property unless:

- (a) both of the following requirements are satisfied:

- (i) the foreign resident (together with its associates) holds 10% or more of the issued Mungana Shares or the foreign resident (together with associates) held a 10% or more interest in the issued Mungana Shares for a continuous 12 month period during the two years prior to the disposal of the Mungana Shares under the Offer; and
 - (ii) the total market value of Mungana's direct and indirect interests in Australian real property assets (including any mining, quarrying or prospecting rights for minerals, petroleum or quarry minerals which are situated in Australia) is more than 50% of the total market value of Mungana's assets;
- (b) the Mungana Shares were used at any time by the foreign resident in carrying on a business through a permanent establishment in Australia; or
- (c) the foreign resident was previously a resident of Australia and chose to disregard a capital gain or loss on the Mungana Shares on ceasing to be a resident.

A Mungana Shareholder that, together with its associates, owns, or has for any continuous 12 month period within 2 years owned, 10% or more of the issued Mungana Shares should obtain specific advice as to the tax implications of disposal, and whether any protection will be available under a relevant double tax treaty.

A foreign resident Mungana Shareholder was previously a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of the Mungana Shares as set out in Section 6.2.

6.4 Stamp duty and GST

No stamp duty or GST is payable by you on the sale of your Mungana Shares to Auctus pursuant to the Offer.

7. Additional Information

7.1 Auctus' interest in Mungana Shares

As at the date of this Bidder's Statement neither Auctus nor any Auctus Director:

- (a) has any voting power in Mungana; or
- (b) holds a Relevant Interest in any Mungana Shares.

Immediately before the first Offer is sent neither Auctus nor any Auctus Director will:

- (a) have any voting power in Mungana; or
- (b) hold any Relevant Interest in any Mungana Shares.

7.2 Consideration provided for Mungana Shares

Neither Auctus nor any Associate of Auctus has provided, or agreed to provide, consideration for Mungana Shares under any purchase or agreement during the period beginning four months before the date of this Bidder's Statement and ending thereon or during the period between the date of this Bidder's Statement and the date of the Offer.

7.3 No escalation agreements

Neither Auctus nor any Associate of Auctus has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

7.4 Collateral benefits

Neither Auctus nor any Associate of Auctus has during the period beginning four months before the date of this Bidder's Statement and ending thereon, or during the period between the date of this Bidder's Statement and the date of the Offer, given, offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (a) accept the Offer; or
- (b) dispose of their Mungana Shares,

which benefit is not offered to all Mungana Shareholders under the Offer.

7.5 Mungana Options and Mungana Convertible Note

The Offer extends to all Mungana Shares that are issued on the exercise of Mungana Options or conversion of the Mungana Convertible Note during the period between the Record Date and the end of the Offer Period (each inclusive).

7.6 Mungana Options

Auctus may, subject to any consent required by the ASX Listing Rules or a waiver of such requirement being obtained, seek to enter into private arrangements with holders of outstanding Mungana Options to effect the cancellation of the Mungana Options for the payment of a cancellation fee. Any such arrangements will be conditional on the

Offer becoming unconditional and will comply with the Corporations Act and the ASX Listing Rules.

If the Mungana Options are not cancelled pursuant to the arrangements referred to above, Auctus will, if entitled to do so, offer to buy-out all holders of Mungana Options in accordance with Part 6A.1 of the Corporations Act. Refer to Section 5.3(e) for further details.

7.7 Mungana Convertible Note

Auctus may seek to enter into private arrangements with the holders of the Mungana Convertible Note to acquire the Mungana Convertible Note. Any such arrangements will be conditional on the Offer becoming unconditional and will comply with the Corporations Act and the ASX Listing Rules.

If the Mungana Convertible Note is not acquired pursuant to the arrangements referred to above, Auctus will, if entitled to do so, offer to buy-out all holders of the Mungana Convertible Note in accordance with Part 6A.1 of the Corporations Act. Refer to Section 5.3(e) for further details.

7.8 Exercise of Mungana Options and the Mungana Convertible Note by Auctus

As detailed in Sections 5.5 and 7.14, Auctus intends to apply for relief from ASIC to enable it to exercise any Mungana Options and/or convert the Mungana Convertible Note it may acquire pursuant to private arrangements referred to in Sections 7.6 and 7.7 and thereby increase its Relevant Interest in Mungana Shares. If Auctus were to exercise the Mungana Options and/or convert the Mungana Convertible Note acquired, the consequent increase in its holding of Mungana Shares may enable Auctus to reach the thresholds required in order to compulsorily acquire outstanding Mungana Shares. Auctus has no present intention to exercise any Mungana Options or convert the Mungana Convertible Note it may acquire pursuant to any private arrangements. Any decision to do so would be dependent on considerations including:

- (a) the voting power in Mungana which Auctus had acquired at the relevant time and whether increasing its Relevant Interest in Mungana Shares by exercising the Mungana Options and/or converting the Mungana Convertible Note acquired would materially affect or have the potential to materially affect its ownership or control of Mungana; and
- (b) the circumstances of Mungana and the Auctus Group at the relevant time.

7.9 Status and potential waiver of Conditions

The Offer is subject to a number of Conditions (as detailed in Section 8.9). Under the terms of the Offer and in accordance with the Corporations Act, any or all of those Conditions may be waived by Auctus.

If an event occurs which results (or would result) in the non-fulfilment of a Condition, Auctus may not make a decision as to whether it will either rely on that non-fulfilment, or instead waive the Condition, until the date for giving notice as to the status of the Conditions under section 630(3) of the Corporations Act (refer to Section 8.14). Auctus will give a notice of the status of the Conditions in accordance with the Corporations Act on 8 June 2015 (subject to extension if the Offer Period is extended).

If any of the Conditions (other than the Condition detailed in Section 8.9(a) which is a condition precedent (refer to Section 8.10(a))) are not satisfied, and Auctus decides to rely on that non-satisfaction, then any contract resulting from acceptance of the Offer will become void at the end of (or, in some cases, shortly after) the Offer Period, and the relevant Mungana Shares will be returned to the holder.

As at the date of this Bidder's Statement, Auctus is not aware of any events which would result in a breach or inability to satisfy the Conditions.

Information on the status of the FIRB approval Condition (refer to Section 8.9(a)) is detailed in Section 7.10.

7.10 FIRB Approval

As detailed in Section 8.9(a), completion of the Offer and any contract that results from an acceptance of the Offer is conditional on Auctus receiving written notice from the Treasurer of the Commonwealth of Australia or his delegate to the effect that there are no objections under the FATA or Australia's foreign investment policy to the proposed acquisition by Auctus of interests in up to all of the Mungana Shares on issue pursuant to or as a result of the Offer, such notice being unconditional.

Auctus will notify FIRB of the proposed acquisition by Auctus of interests in up to all of the Mungana Shares on issue pursuant to or as a result of the Offer and file an application, together with detailed submissions, with FIRB for the purposes of obtaining the notice of no objection.

Auctus is confident that the proposed acquisition is consistent with Australia's foreign investment policy and anticipates that a notice of no objection will be issued in due course.

7.11 Consents

Each of the parties referred to in this Section 7.11:

- (a) make no representation regarding, and to the maximum extent permitted by law, expressly excludes any liability or responsibility for, any statements in or omissions from any part of the Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this Section 7.11; and
- (b) have not caused or authorised the issue of this Bidder's Statement or the making of the Offer.

The following parties have given their written consent to be named in this Bidder's Statement in the form and context in which they are named and for the inclusion of the statements that they have made and reports that they have prepared in the form and context in which they are included as detailed below, and have not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC:

- (a) Hardy Bowen has consented to being named in this Bidder's Statement as the legal advisers to Auctus in relation to the Offer;
- (b) KPMG Corporate Finance has consented to being named in this Bidder's Statement as the general corporate advisers to Auctus in relation to the Offer; and

- (c) Computershare Investor Services Pty Limited has consented to being named in this Bidder's Statement as Auctus' share registry.

In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement contains security price trading data sourced from IRESS without its consent.

7.12 Date for determining Mungana Shareholders

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under Items 6 and 12 of section 633(1) of the Corporations Act for each Offer is the Record Date.

7.13 Institutional Acceptance Facility

As at the date of this Bidder's Statement, Auctus has not decided as to whether to introduce an institutional acceptance facility in connection with the Offer. Auctus reserves the right to introduce such a facility.

7.14 ASIC Modifications and Exemptions

As at the date of this Bidder's Statement, Auctus has not obtained from ASIC any modifications to or exemptions from the Corporations Act to facilitate the Offer. However, as detailed in Section 5.5, Auctus intends to apply for relief from ASIC under section 655A of the Corporations Act to enable it to exercise any Mungana Options and/or convert the Mungana Convertible Note it may acquire pursuant to any private arrangements referred to in Sections 7.6 and 7.7 and thereby increase its Relevant Interest in Mungana Shares.

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Auctus, in relation to the operation of Chapter 6 of the Corporations Act. Auctus may rely on this "Class Order" relief.

7.15 Other material information

There is no other information material to the making of a decision by a holder of Mungana Shares whether or not to accept the Offer being information that is known to Auctus and which has not previously been disclosed to Mungana Shareholders other than as is contained elsewhere in this Bidder's Statement.

8. Terms of the Offer

8.1 General terms

Auctus offers to acquire all of your Mungana Shares, together with all Rights attached to them, on the terms and conditions detailed in this Section 8.

The Offer Consideration being offered by Auctus for the acquisition of all of your Mungana Shares is \$0.135 cash for each Mungana Share, subject to the terms and conditions detailed in this Section 8 and elsewhere in this Bidder's Statement.

The Offer is dated 13 May 2015.

8.2 Offer Period

Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of the Offer and ending at 7:00pm (AEST) on the later of:

- (a) 15 June 2015; or
- (b) any date to which the Offer Period is extended, in accordance with the Corporations Act.

Auctus reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.

If, within the last seven days of the Offer Period, either of the following events occurs:

- (a) the Offer is varied to improve the Offer Consideration; or
- (b) Auctus' voting power in Mungana increases to more than 50%,

then the Offer Period will automatically be extended so that it ends 14 days after the relevant event referred to in (a) or (b) in accordance with section 624(2) of the Corporations Act.

8.3 Who may accept the Offer

An Offer in this form and bearing the same date is being made to each person registered as a holder of Mungana Shares on Mungana's register of members at 7:00pm (AEST) on the Record Date.

The Offer also extends to each person who, during the period from the Record Date until the end of the Offer Period, becomes registered as a holder of Mungana Shares or is entitled to be registered as the holder of Mungana Shares during the Offer Period, due to conversion or exercise of rights or securities of Mungana that exist (or will exist) as at the Record Date.

A person who:

- (a) is able during the Offer Period to give good title to a parcel of Mungana Shares; and
- (b) has not already accepted the Offer which relates to those Mungana Shares,

may accept as if an offer from Auctus on terms identical with the Offer had been made to that person in relation to those Mungana Shares.

If, at the time the Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of your Mungana Shares, then such offer made to you will be deemed to have been withdrawn immediately at that time and a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to:

- (a) that other person in respect of those Mungana Shares; and
- (b) you in respect of any other Mungana Shares you hold.

If at any time during the Offer Period you are registered as the holder of one or more parcels of Mungana Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as the Offer has been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each distinct parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance and Transfer Form, please call Computershare Investor Services Pty Limited on 1300 482 171 (within Australia) or +61 3 9415 4146 (outside Australia) to request those additional copies.

The Offer is not registered in any jurisdiction outside Australia (unless an applicable Foreign Law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any Foreign Law applicable to you to accept the Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.

If your Mungana Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.

8.4 How to accept the Offer

(a) Accept for all of your Mungana Shares

You may only accept the Offer in respect of all (and not a lesser number) of your Mungana Shares. For example, if you have 10,000 Mungana Shares and you wish to accept the Offer, you may only accept the Offer in respect of 10,000 Mungana Shares.

You may accept the Offer at any time during the Offer Period.

(b) Issuer Sponsored Holdings

If your Mungana Shares are held in an Issuer Sponsored Holding (in which case your Securityholder Reference Number will commence with 'I'), to accept this Offer in respect of those Mungana Shares you must:

- (i) complete and sign the applicable Acceptance and Transfer Form in accordance with the instructions on it; and
- (ii) return the Acceptance and Transfer Form (using the enclosed reply paid envelope), together with all other documents required by the

instructions on the Acceptance and Transfer Form, so that the Acceptance and Transfer Form and all other required documentation are received before the end of the Offer Period at the address specified on the Acceptance and Transfer Form.

(c) **CHESS Holdings**

If your Mungana Shares are held in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), to accept this Offer in respect of those Mungana Shares you must either:

- (i) instruct your Controlling Participant (usually your broker), in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period; or
- (ii) complete, sign and return the applicable Acceptance and Transfer Form (using the enclosed reply paid envelope if you wish) in accordance with the instructions on the Acceptance and Transfer Form, together with all other documents required by those instructions, so that they are received before the end of the Offer Period at the address specified on the Acceptance and Transfer Form. This will authorise Auctus to request your Controlling Participant to effect acceptance of this Offer on your behalf in accordance with the ASX Settlement Operating Rules before the end of the Offer Period. You must ensure that the Acceptance and Transfer Form (and the other required documents) are received in sufficient time for Auctus to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period.

However, if you are the Controlling Participant in respect of your Mungana Shares, to accept this Offer you must yourself initiate acceptance of this Offer in accordance with the ASX Settlement Operating Rules before the end of the Offer Period.

8.5 Acceptance and Transfer Form and other documents

The Acceptance and Transfer Form forms part of the Offer. The requirements on the Acceptance and Transfer Form must be observed in accepting the Offer.

For your acceptance to be valid you must ensure that your Acceptance and Transfer Form (including any documents required by the terms of the Offer and the instructions on the Acceptance and Transfer Form) are posted or delivered in sufficient time for it to be received by Auctus at the address shown on the Acceptance and Transfer Form before the end of the Offer Period.

The postage and transmission of the Acceptance and Transfer Form and other documents is at your own risk.

When accepting the Offer, you must also forward for inspection:

- (a) if the Acceptance and Transfer Form is executed by an attorney, a certified copy of the power of attorney; and

- (b) if the Acceptance and Transfer Form is executed by the executor of a will or the administrator of the estate of a deceased Mungana Shareholder, the relevant grant of probate or letters of administration.

8.6 Validity of acceptances

Subject to the matters in this Section 8.6, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures detailed in Sections 8.4 and 8.5.

Auctus may, in its sole discretion, at any time deem any Acceptance and Transfer Form it receives to be a valid acceptance in respect of your Mungana Shares even if a requirement for acceptance has not been complied with.

Auctus may at any time in its sole discretion:

- (a) treat the receipt by it of an Acceptance and Transfer Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with and without further communication to you; and
- (b) where you have satisfied the requirements for acceptance in respect of only some of your Mungana Shares, treat the acceptance as a valid acceptance in respect of all of your Mungana Shares.

In respect of any part of an acceptance treated by it as valid, Auctus will provide you with the relevant Offer Consideration in accordance with Section 8.8 and the exercise of Auctus' rights under this Section 8.6 will be conclusive and only evidenced by its so doing. The payment of consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Auctus.

None of the matters detailed in this Section 8.6 constitute conditions of the Offer.

8.7 The effect of acceptance

- (a) Subject to Section 8.10(a), once you have accepted the Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Offer or otherwise dispose of your Mungana Shares, except as follows:
 - (i) if, by the times specified in Section 8.7(b) below, the Conditions have not all been satisfied or waived, the Offer will automatically terminate and your Mungana Shares will be returned to you; or
 - (ii) if the Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when Auctus has to meet its obligations under the Offer, and, at the time, the Offer is subject to one or more of the Conditions, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

- (b) The relevant times for the purposes of Section 8.7(a)(i) are:
- (i) in relation to the Conditions in Section 8.9(cc) (but only to the extent the Conditions are the same as the conditions set out in section 652C(1) or (2) of the Corporations Act), the end of the third Business Day after the end of the Offer Period; and
 - (ii) in relation to all other Conditions, not less than seven days before the last day of the Offer Period.
- (c) By following the procedures detailed in Sections 8.4 and 8.5, you will be deemed to have:
- (i) accepted the Offer (and any variation to it) in respect of the Mungana Shares registered in your name to which the Offer relates, regardless of the number of Mungana Shares specified in the Acceptance and Transfer Form;
 - (ii) agreed to the terms of the Offer and, subject to the Conditions being satisfied or waived, agreed to transfer to Auctus all of your Mungana Shares and all of the Rights attached to those Mungana Shares;
 - (iii) irrevocably authorised Auctus to complete the Acceptance and Transfer Form by correcting any errors in or omissions from the Acceptance and Transfer Form as may be necessary:
 - (A) to make the Acceptance and Transfer Form an effective acceptance of the Offer; and
 - (B) to enable registration of the transfer to Auctus of all of your Mungana Shares;
 - (iv) if any of your Mungana Shares are in CHESS Holding, irrevocably authorised Auctus to:
 - (A) instruct your Controlling Participant to initiate acceptance of the Offer in respect of all of such Mungana Shares in accordance with the ASX Settlement Operating Rules; and
 - (B) give any other instructions in relation to such Mungana Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant;
 - (v) irrevocably authorised and directed Mungana to pay to Auctus or to account to Auctus for all dividends and other distributions and entitlements which are declared, paid or which accrue after the date of the Offer in respect of your Mungana Shares (subject to Auctus accounting to you for any dividends, distributions or entitlements received by it if your acceptance of the Offer is validly withdrawn pursuant to section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);

- (vi) represented and warranted to Auctus that:
 - (A) Auctus will acquire good title to and beneficial ownership of all of your Mungana Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;
 - (B) you have paid Mungana all amounts which are due in respect of your Mungana Shares;
 - (C) all of your Mungana Shares are fully paid; and
 - (D) you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership of your Mungana Shares (together with all rights attached to them) to Auctus;
- (vii) represented and warranted to Auctus that the making by Auctus to you, and your acceptance, of the Offer is lawful under any Foreign Law which applies to you, to the making of the Offer, and to your acceptance of the Offer;
- (viii) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared, unconditional, appointed (and agreed not to revoke that appointment) Auctus and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your Mungana Shares or in exercise of any right or power derived from the holding of your Mungana Shares including, without limitation:
 - (A) attend and vote in respect of your Mungana Shares at any and all meetings of Mungana;
 - (B) requisition or join with other holders of Mungana Shares in requisitioning or convening a meeting of the members of Mungana;
 - (C) demand a poll for any vote to be taken at any meeting of Mungana Shareholders;
 - (D) propose or second any resolutions to be considered at any, and all meetings of Mungana Shareholders;
 - (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a Auctus Director as a proxy in respect of all or any of your Mungana Shares and a transfer form for your Mungana Shares), proxies, consents, agreements and resolutions relating to your Mungana Shares;
 - (F) request Mungana to register in the name of Auctus or its nominee your Mungana Shares which you hold on any register of Mungana; and
 - (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of Auctus as the beneficial owner and intended registered holder of your Mungana Shares in respect of which you have accepted the Offer and to have further agreed to do all such acts, matters and things that Auctus may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this Section 8.7(c)(viii) which complies in all respects with the requirements of the constitution of Mungana) if requested by Auctus. This appointment is irrevocable and terminates upon registration of a transfer to Auctus of your Mungana Shares;

- (ix) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared, unconditional, agreed not to vote in person at any general meeting of Mungana or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on Auctus and its directors, secretaries and other officers by Section 8.7(c)(viii) above;
- (x) irrevocably authorised Auctus to notify Mungana on your behalf that your place of address for the purposes of serving notices in respect of your Mungana Shares is the address specified by Auctus in the notification;
- (xi) represented and warranted to Auctus that, unless you have notified it in accordance with Section 8.3, your Mungana Shares do not consist of a separate parcel of shares;
- (xii) agreed, subject to the Conditions being satisfied or waived, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Auctus may consider necessary or desirable to convey your Mungana Shares registered in your name and Rights attached to your Mungana Shares to Auctus; and
- (xiii) agreed to indemnify Auctus in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your Mungana Shares to Auctus by Mungana without production of your HIN or SRN.

The representations, warranties, undertakings and authorities detailed in this Section 8.7 will (unless otherwise stated) remain in force after you receive the Offer Consideration for your Mungana Shares and after Auctus becomes registered as the holder of your Mungana Shares.

8.8 Payment of Offer Consideration

(a) When Offer Consideration is provided

- (i) Subject to the terms of the Offer and the Corporations Act, Auctus will provide the Offer Consideration for your Mungana Shares on or before the earlier of:
 - (A) one month after you accept the Offer or one month after all of the Conditions have been waived or fulfilled (whichever is the later); and

- (B) 21 days after the end of the Offer Period (provided that the Offer has become unconditional prior to the end of the Offer Period).

- (ii) Under no circumstances will interest be paid on the Offer Consideration to which you are entitled to under the Offer, regardless of any delay in providing the Offer Consideration or any extension of the Offer.

(b) **Manner of payment**

Auctus will pay to you the Offer Consideration for your Mungana Shares by cheque in Australian dollars. The cheque will be sent to you at your address as recorded on Mungana's register of members or the address shown on your Acceptance and Transfer Form by ordinary mail, or in the case of addresses outside Australia, by airmail.

Payment will be deemed to have been made at the time the cheque is delivered by or on behalf of Auctus to Australian Post for delivery.

(c) **Where additional documents are required**

Where the Acceptance and Transfer Form requires an additional document to be given with your acceptance (such as a power of attorney):

- (i) if that document is given with your acceptance, Auctus will provide the Offer Consideration for your Mungana Shares in accordance with Section 8.8(a);
- (ii) if that document is given after acceptance and before the end of the Offer Period while the Offer is subject to a Condition, Auctus will provide the Offer Consideration for your Mungana Shares due to you on or before the earlier of:
 - (A) one month after the Offer becomes unconditional; or
 - (B) 21 days after the end of the Offer Period (provided that the Offer has become unconditional prior to the end of the Offer Period);
- (iii) if that document is given after acceptance and before the end of the Offer Period while the Offer is not subject to a Condition, Auctus will provide the Offer Consideration for your Mungana Shares due to you within one month after that document is given to Auctus;
- (iv) if that document is given after acceptance and after the end of the Offer Period, and the Offer is not subject to a Condition, Auctus will provide the Offer Consideration for your Mungana Shares within 21 days after that document is given to Auctus; and
- (v) if that document is given after your acceptance and after the end of the Offer Period, and the Offer is still subject to a Condition that relates only to the happening of an event or circumstances referred to in section 652C(1) or (2) of the Corporations Act, Auctus will provide the Offer Consideration for your Mungana Shares within 21 days after the Offer becomes unconditional.

(d) **Rights**

If Auctus becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to Auctus all documents necessary to vest title to those Rights in Auctus, or otherwise to give Auctus the benefit or value of those Rights. If you do not do so, or if you have received or are entitled to receive (or any previous holder of your Mungana Shares has received or is entitled to receive) the benefit of those Rights, Auctus will be entitled to deduct the amount (or an amount equal to the value, as reasonably assessed by Auctus) of those Rights from any consideration otherwise payable to you under this Offer. If Auctus does not, or cannot, make such a deduction, you must pay that amount to Auctus, except to the extent that Auctus elects to waive its entitlement to those Rights.

(e) **Withholding of consideration by Auctus**

If any amount (the withholding amount) is required, under any Australian law or by any Government Agency, to be:

- (i) withheld from any consideration otherwise payable to you under this Offer and paid to a Government Agency; or
- (ii) retained by Auctus out of any consideration otherwise payable to you under this Offer,

the payment or retention by Auctus of the withholding amount (as applicable) will constitute full discharge of Auctus' obligation to pay the consideration to you to the extent of the withholding amount.

(f) **Where authorities, clearances or approvals are required**

If, at the time you accept the Offer, any of the following:

- (i) Banking (Foreign Exchange) Regulations 1959 (Cth);
- (ii) Autonomous Sanctions Act 2001 (Cth);
- (iii) Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
- (iv) Charter of the United Nations (Sanctions - Al-Qaida and the Taliban) Regulations 2008 (Cth);
- (v) Charter of the United Nations (Sanctions - Iraq) Regulations 2008 (Cth); or
- (vi) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other Government Agency be obtained before you receive any consideration for your Mungana Shares, or would make it unlawful for Auctus to provide any consideration to you for your Mungana Shares, you will not be entitled to receive any consideration for your Mungana Shares until Auctus receives all requisite authorities, clearances or approvals.

8.9 Conditions of the Offer

The Offer and any other contract that results from acceptance of the Offer are subject to the fulfilment of the following Conditions:

(a) **FIRB**

Before the end of the Offer Period, Auctus (and its associates) receives FIRB approval for the purposes of the FATA so as to enable Auctus (and its associates) to acquire the Mungana Shares, Mungana Options and the Mungana Convertible Note, which will be taken to have been obtained on the earlier of:

- (i) receiving written notice from the Treasurer of the Commonwealth of Australia or his delegate to the effect that there are no objections under the FATA or Australia's foreign investment policy to the proposed acquisition by Auctus of the Mungana Shares, Mungana Options and the Mungana Convertible Note to the fullest extent contemplated by this Bidder's Statement; and
- (ii) the period during which the Treasurer of the Commonwealth of Australia is empowered by section 26 of the FATA to make an order prohibiting the proposed acquisitions described above by Auctus expiring without any order (other than an interim order) having been made.

(b) **Minimum acceptance**

At or before the end of the Offer Period, Auctus:

- (i) has a Relevant Interest in such number of Mungana Shares which represents at least 90% of the aggregate of all Mungana Shares then on issue; and
- (ii) has acquired such number of Mungana Shares which represents at least 75% of the Mungana Shares that Auctus offered to acquire under the Offer.

(c) **Index out**

Between the Announcement Date and the end of the Offer Period (each inclusive) the S&P/ASX 200 Index does not close below 5,400 for three or more consecutive trading days.

(d) **Copper price**

Between the Announcement Date and the end of the Offer Period (each inclusive), the cash sale price of copper as quoted on the London Metal Exchange (converted from US dollars to Australian dollars using the official exchange rate published by the Reserve Bank of Australia on the relevant day) does not close below A\$7,000 per tonne for three or more consecutive trading days on the London Metal Exchange.

(e) **Zinc price**

Between the Announcement Date and the end of the Offer Period (each inclusive), the cash sale price of zinc as quoted on the London Metal Exchange (converted from US dollars to Australian dollars using the official exchange rate published by the Reserve Bank of Australia on the relevant day) does not close below A\$2,650 per tonne for three or more consecutive trading days on the London Metal Exchange.

(f) **Grant of Mining Interest**

Between the Announcement Date and the end of the Offer Period (each inclusive) no Mungana Group Entity grants a right of mining or other rights or interests of any kind over all or part of any area covered by, or the subject of, the Principal Tenements to any person other than a Mungana Group Entity.

(g) **Transamine Product Agreement**

No Mungana Group Entity has entered into, or enters into between the Announcement Date and the end of the Offer Period (each inclusive), any legally binding agreement with Transamine Trading S.A (**Transamine**) to sell, market, or dispose in any manner whatsoever, whether directly or indirectly, whether as principal or agent, whether or not conditionally or to be performed in the future (including, without limitation, by way of derivative instruments), any products to be mined or to be produced or otherwise to be derived from the Principal Tenements (**Product Agreement**).

(h) **GFTG Product Agreement**

No Mungana Group Entity has entered into, or enters into between the Announcement Date and the end of the Offer Period (each inclusive), any Product Agreement with Guangdong Foreign Trade Group Ltd (**GFTG**).

(i) **PSU Product Agreement**

No Mungana Group Entity has entered into, or enters into between the Announcement Date and the end of the Offer Period (each inclusive), any Product Agreement with Prosperity Steel United (**PSU**).

(j) **Other Product Agreement**

No Mungana Group Entity has entered into, or enters into between the Announcement Date and the end of the Offer Period (each inclusive), any Product Agreement with any person other than Transamine, GFTG and PSU.

(k) **Due Diligence – Transamine Product Agreement**

Mungana makes available to Auctus all information reasonably requested by Auctus in order for Auctus to conduct due diligence enquiries in relation to the Mungana Group to confirm all contractual provisions of the commitment of any Mungana Group Entity to Transamine with regard any Product Agreement or agreement to enter into any Product Agreement.

(l) **Due Diligence – GFTG Product Agreement**

Mungana makes available to Auctus all information reasonably requested by Auctus in order for Auctus to conduct due diligence enquiries in relation to the

Mungana Group to confirm all contractual provisions of the commitment of any Mungana Group Entity to GFTG with regard any Product Agreement or agreement to enter into any Product Agreement.

(m) **Due Diligence – PSU Product Agreement**

Mungana makes available to Auctus all information reasonably requested by Auctus in order for Auctus to conduct due diligence enquiries in relation to the Mungana Group to confirm all contractual provisions of the commitment of any Mungana Group Entity to PSU with regard any Product Agreement or agreement to enter into any Product Agreement.

(n) **Due Diligence – Other Product Agreement**

Mungana makes available to Auctus all information reasonably requested by Auctus in order for Auctus to conduct due diligence enquiries in relation to the Mungana Group to confirm all contractual provisions of the commitment of any Mungana Group Entity to any person other than Transamine, GFTG and PSU with regard any Product Agreement or agreement to enter into any Product Agreement.

(o) **Processing Plant**

Mungana either:

- (i) makes a public disclosure to ASX or includes in its Target's Statement a statement expressed to be made with the approval of the Mungana Directors, which confirms, after due enquiry, that as at the date of such disclosure the condition of the Processing Plant is "Very Good" as defined in the Hassalls Report and the necessary material components to complete the construction of the Processing Plant are wholly owned by a Mungana Group Entity and are in condition which is fit for purpose; or
- (ii) grants access to an independent expert appointed by and at the cost of Auctus (**Independent Expert**) to undertake a review of the Processing Plant and the components yet to be constructed currently maintained in storage by or on behalf of a Mungana Group Entity and the Independent Expert provides a report to Auctus confirming that as at the date of such disclosure the condition of the Processing Plant is "Very Good" as defined in the Hassalls Report and the necessary material components to complete the construction of the Processing Plant are wholly owned by a Mungana Group Entity and are in condition which is fit for purpose.

(p) **Power Upgrade**

Mungana either:

- (i) makes a public disclosure to ASX or includes in its Target's Statement a statement expressed to be made with the approval of the Mungana Directors, which confirms, after due enquiry, that the upgrade/connection to the 66/22kv Chillagoe substation and an upgrade to the power line between Turkinjie and Dimbulah has been completed and the Processing Plant has adequate power supply for its maximum capacity of operation; or

- (ii) grants access to an Independent Expert to undertake a review of the Chillagoe substation and the power line between Turkinjie and Dimbulah and the Independent Expert provides a report to Auctus confirming that the upgrade/connection to the 66/22kv Chillagoe substation and an upgrade to the power line between Turkinjie and Dimbulah has been completed and the Processing Plant has adequate power supply for its maximum capacity of operation.

(q) **Mungana Convertible Note**

Between the Announcement Date and the end of the Offer Period (each inclusive), the holders of the Mungana Convertible Note do not declare that the outstanding amount is payable on demand.

(r) **Enforcement of Security**

Between the Announcement Date and the end of the Offer Period (each inclusive), Niugini Mining Limited (**Niugini**) does not exercise or purport to exercise, state an intention to exercise, under any provision of any agreement or other instrument to which any Mungana Group Entity is a party, or by or to which any Mungana Group Entity or any of their assets may be bound or subject, any Security Interest granted over any assets of a Mungana Group Entity.

(s) **Due Diligence Niugini**

Mungana makes available to Auctus all information reasonably requested by Auctus in order for Auctus to conduct due diligence enquiries in relation to the Mungana Group to confirm all contractual provisions of the agreements between any Mungana Group Entity and Niugini pursuant to which Niugini has registered a security interest against Mungana on the PPSR and lodged caveats against certain Tenements.

(t) **No regulatory actions**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency;
- (ii) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (iii) no application is made to any Government Agency (other than by Auctus or any Associate of Auctus),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impacts upon, the making of the Offer and the completion of any transaction contemplated by this Bidder's Statement or which requires the divestiture by Auctus of any Mungana Shares or by any Mungana Group Entity of any material assets of any Mungana Group Entity.

(u) **No material adverse change – Mungana Group**

Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs:

- (i) an event, change, condition, matter or thing;
- (ii) information is disclosed or announced by Mungana concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (iii) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Auctus (whether or not becoming public),

(each a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind has had or would be considered reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Mungana Group taken as a whole,

other than:

- (iv) an event, matter, change or circumstance caused, or materially contributed to, by Auctus;
- (v) anything required or permitted to be done or not done in respect to any transaction contemplated by the Offer or otherwise required to be done in connection with the legal obligations in respect to the Offer;
- (vi) an event or matter which Mungana fully and fairly disclosed (including, in each case, disclosure as to the extent or magnitude of the event or circumstance) in an announcement made to ASX prior to the Announcement Date; or
- (vii) information accessible prior to the Announcement Date:
 - (A) available from the PPSR;
 - (B) available from the MinesOnline public enquiry reports;
 - (C) available from the Commonwealth Department of the Environment's Projected Matters online mapping system; and
 - (D) regarding regional areas of interest under the *Regional Planning Act 2014* (Qld), available from the Queensland Department of Natural Resources and MinesOnlineMaps mapping system,

(each a **Known Circumstance**).

(v) **Net Asset Diminution– Mungana Group**

Between the Announcement Date and the end of the Offer Period (each inclusive) a Specified Event, other than a Known Circumstance, does not occur which, whether individually or when aggregated with all such events,

changes, conditions, matters or things of a like kind has had, or would be considered reasonably likely to have, a diminution in the value of the consolidated net assets of the Mungana Group taken as a whole, by at least A\$3,160,000 (being approximately 10% of the net assets of the Mungana Group as stated in its half year report for the period ending 31 December 2014).

(w) **Tenement Defect**

Between the Announcement Date and the end of the Offer Period (each inclusive) a Specified Event, other than a Known Circumstance, does not occur which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind has resulted or would be considered reasonably likely to result in, any material rights of a Mungana Group Entity pursuant to any of the Principal Tenements, being suspended, disclaimed, superseded, revoked, invalidated, adversely varied, terminated or otherwise coming to an end.

(x) **Environmental Permit Defect**

Between the Announcement Date and the end of the Offer Period (each inclusive) a Specified Event, other than a Known Circumstance, does not occur which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind has resulted or would be considered reasonably likely to result in, any material rights of a Mungana Group Entity pursuant to the Environmental Permit, being suspended, disclaimed, superseded, revoked, invalidated, adversely varied, terminated or otherwise coming to an end.

(y) **Natural Disaster**

Between the Announcement Date and the end of the Offer Period (each inclusive) a natural disaster materially and directly affecting the operations of the Mungana Group for at least seven Business Days does not occur.

(z) **Change in control**

Between the Announcement Date and the end of the Offer Period (each inclusive), no person exercises or purports to exercise, states an intention to exercise, or has any rights (whether subject to conditions or not) under any provision of any agreement or other instrument to which any Mungana Group Entity is a party, or by or to which any Mungana Group Entity or any of their assets may be bound or subject, which could result, to any extent which is material in the context of the Mungana Group taken as a whole, in:

- (i) any such agreement or other instrument being terminated, adversely varied or modified or any action being taken or arising thereunder;
- (ii) the interest of any Mungana Group Entity in any firm, joint venture, trust, corporation or other entity (or any arrangements in relation to such interest) being terminated, adversely varied or modified; or
- (iii) the business of any Mungana Group Entity with any other person being adversely affected,

as a result of the Offer or the acquisition of Mungana Shares or a Relevant Interest in Mungana Shares by Auctus.

(aa) **No Material acquisitions, disposals or new commitments**

Except for any proposed transaction announced by Mungana to the ASX before the Announcement Date, none of the following events occurs between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) Mungana or any other Mungana Group Entity, either through a single transaction or a series of transactions, acquires, leases, offers to acquire or lease or agrees to acquire or lease any assets or interest therein for an amount in aggregate greater than A\$1,000,000 other than in the ordinary course of business;
- (ii) Mungana or any other Mungana Group Entity, either through a single transaction or a series of transactions, disposes, leases or offers to dispose or lease or agrees to dispose or lease any assets or interest therein for an amount in aggregate greater than A\$1,000,000 other than in the ordinary course of business; or
- (iii) Mungana or any other Mungana Group Entity enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, asset or profit sharing arrangement, management agreement, merger of businesses or of corporate entities or commitment which would require expenditure, the foregoing of revenue or commitment to the same of an amount in excess of A\$1,000,000 other than in the ordinary course of business;

(bb) **Litigation**

Between the Announcement Date and the end of the Offer Period (each inclusive), no person announces, commences or threatens any litigation against Mungana or any other Mungana Group Entity (whether in aggregate or for any single litigation) which may result in a judgement against Mungana or another Mungana Group Entity of more than A\$1,000,000 (individually or in aggregate).

(cc) **No prescribed occurrences**

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following events occurs:

- (i) Mungana converts all or any of Mungana Shares into a larger or smaller number of Mungana Shares;
- (ii) any Mungana Group Entity resolves to reduce its share capital in any way;
- (iii) any Mungana Group Entity enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) any Mungana Group Entity issues shares or grants an option over any of its shares or agrees to make such an issue or grant such an option other than the issue of any shares in accordance with the

exercise of Mungana Options or conversion of the Mungana Convertible Note issued or granted prior to the Announcement Date;

- (v) any Mungana Group Entity issues, or agrees to issue, convertible notes;
- (vi) any Mungana Group Entity disposes or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) any Mungana Group Entity grants, or agrees to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (viii) any Mungana Group Entity resolves that it be wound up;
- (ix) a liquidator or provisional liquidator of any Mungana Group Entity is appointed;
- (x) a court makes an order for the winding up of any Mungana Group Entity;
- (xi) an administrator of any Mungana Group Entity is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) any Mungana Group Entity executes a deed of company arrangement; or
- (xiii) a receiver, or receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of any Mungana Group Entity.

(dd) **Amendment to Mungana's constitution**

Between the Announcement Date and the end of the Offer Period (each inclusive), Mungana does not amend its constitution or a meeting is not called or convened to consider a resolution to amend Mungana's constitution.

8.10 Nature of Conditions

- (a) Subject to Section 8.13, the Condition detailed in Section 8.9(a) is a condition precedent to the acquisition by Auctus of any interest in Mungana Shares. Notwithstanding your acceptance of the Offer, unless and until that Condition is satisfied:
 - (i) no contract for the sale of your Mungana Shares will come into force or be binding on you or on Auctus;
 - (ii) Auctus will have no Rights (conditional or otherwise) in relation to your Mungana Shares;
 - (iii) if any of your Mungana Shares are held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Mungana Shares by having your Controlling Participant transmit a valid originating message to ASX Settlement specifying the Mungana Shares to be released from the sub position, in accordance with the ASX Settlement Operating Rules, at any time prior to the fulfilment of that Condition; and

- (iv) if any of your Mungana Shares are not held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Mungana Shares by sending a notice to that effect signed by you (or on your behalf, in which case documentation proving that the person or persons signing the notice are authorised to do so must accompany the notice) to any of the addresses specified on the Acceptance and Transfer Form, so that it is received at the relevant address at any time prior to the fulfilment or freedom of that condition.
- (b) Subject to Section 8.13, each Condition, other than the Condition detailed in Section 8.9(a), is a condition subsequent to the formation of a binding contract upon your acceptance of this Offer. None of those Conditions prevents a contract to sell your Mungana Shares resulting from your acceptance of this Offer, but:
 - (i) breach of any of those Conditions entitles Auctus to rescind that contract by written notice to you; and
 - (ii) non-fulfilment of any of those Conditions at the end of the Offer Period will have the consequences in Section 8.11.
- (c) Each of the Conditions:
 - (i) constitutes and will be construed as a separate, several and distinct condition. No Condition will be taken to limit the meaning or effect of any other Condition; and
 - (ii) until the expiration of the Offer Period (or in the case of a Condition that relates to a circumstance or event referred to in section 652C(1) or 652C(2) of the Corporations Act, until three Business Days after the end of the Offer Period) will be for the benefit of Auctus alone and may be relied upon only by Auctus.

8.11 Effect of breach or non-fulfilment of Conditions

The breach or non-fulfilment of any Condition (other than the Condition detailed in Section 8.9(a)) does not, until the end of the Offer Period, prevent a contract arising to acquire your Mungana Shares resulting from your acceptance of the Offer but, if at the end of the Offer Period, any of those Conditions have not been satisfied and Auctus has not declared the Offer (or it has not become) free from those relevant Condition(s), all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are automatically void.

8.12 Reasonable endeavours in relation to Conditions

Each member of the Auctus Group will:

- (a) use its reasonable endeavours to procure, to the extent within its control, that each of the Conditions in Section 8.9 are satisfied; and
- (b) not do or omit to do any thing which may cause a breach of any such Condition.

8.13 Freeing the Offer of Conditions

Auctus may free the Offer, and any contract resulting from its acceptance, from all or any of the Conditions by giving notice to Mungana declaring the Offer to be free from the relevant Conditions specified in accordance with section 650F of the Corporations Act. This notice may be given:

- (a) in relation to the Conditions in Section 8.9(cc) (but only to the extent the Conditions are the same as the conditions set out in section 652C(1) or 652C(2) of the Corporations Act) – not later than three Business Days after the end of the Offer Period; and
- (b) in relation to all other Conditions – not less than seven days before the end of the Offer Period.

8.14 Notice of status of Conditions

The date for giving the notice required by section 630(1) of the Corporations Act is 8 June 2015, subject to extension in accordance with section 630(2) if the Offer Period is extended.

8.15 Withdrawal of Offer

Auctus may withdraw the Offer at any time before you accept it, but only with the consent in writing of ASIC (which consent may be given subject to such conditions, if any, as are imposed by ASIC). If ASIC gives such consent, Auctus will give notice of the withdrawal to Mungana and comply with any other conditions imposed by ASIC.

8.16 Variation

Auctus may vary the Offer in accordance with section 650D the Corporations Act.

8.17 Date of Offer

The Offer is dated 13 May 2015.

8.18 Other matters

(a) Notices and other communications

Subject to the Corporations Act, a notice or other communication given by Auctus to you in connection with the Offer shall be deemed to be duly given if it is in writing and is:

- (i) delivered at your address as recorded on Mungana's register of members or the address shown on your Acceptance and Transfer Form; or
- (ii) sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

(b) Return of documents

If:

- (i) the Offer is withdrawn after your Acceptance and Transfer Form has been sent to Auctus, but before it has been received; or
- (ii) for any reason Auctus does not acquire the Mungana Shares to which your Acceptance and Transfer Form relates,

you may request Auctus by notice in writing to despatch (at your risk) your Acceptance and Transfer Form together with all other documents forwarded by you, to such address as you nominate. Where such address is inside Australia, the documents will be despatched by pre-paid ordinary mail. Where such address is outside Australia, the documents will be despatched by pre-paid airmail.

(c) **Stamp duty or other costs**

All costs and expenses of the preparation, despatch and circulation of the Offer and any stamp duty payable in respect of the transfers will be paid by Auctus.

As long as your Mungana Shares are registered in your name and you deliver them directly to Auctus, you will not incur any brokerage in connection with your acceptance of the Offer.

(d) **Foreign Laws**

The Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of this Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept the Offer.

(e) **Governing law**

The Offer and any contract that results from your acceptance of the Offer is governed by the laws in force in Western Australia.

9. Authorisation of Bidder's Statement

This Bidder's Statement is dated 29 April 2015 and was approved pursuant to a unanimous resolution passed at a meeting of the Auctus Directors.

A handwritten signature in black ink, appearing to read 'Murdoch', is positioned above the printed name.

Signed for and on behalf of Auctus Chillagoe Pty Ltd
Stephen Murdoch
Chairman

10. Definitions and Interpretation

10.1 Definitions

In this Bidder's Statement, unless the context otherwise requires:

Acceptance and Transfer Form means the form of acceptance for the Offer enclosed with this Bidder's Statement or alternatively any acceptance and transfer form sent to a Mungana Shareholder by Auctus' share registry in relation to the Offer, as the context requires.

AEST means Australian Eastern Standard Time.

Announcement Date means the date the Offer was lodged with ASX, being 29 April 2015.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as the context requires).

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement.

ASX Settlement Participant means an ASX Settlement Participant under the ASX Settlement Operating Rules.

Auctus means Auctus Chillagoe Pty Ltd ACN 605 055 285.

Auctus Board means the board of Auctus Directors.

Auctus Director means a director of Auctus as at the date of this Bidder's Statement.

Auctus Group means Denham Funds, Auctus Minerals LLC and its subsidiaries, the Auctus Unit Trust, and the Management Unitholders.

Auctus Holdings has the meaning given to that term in Section 2.1.

Auctus LLC has the meaning given to that term in Section 2.1.

Auctus Minerals LLC has the meaning given to that term in Section 2.1.

Auctus Trustee means Auctus Minerals Nominee Pty Ltd (ACN 602 315 042).

Auctus Unit Trust has the meaning given to that term in Section 2.1.

Business Day means a day on which banks are open for business in Perth, Western Australia other than a Saturday, Sunday or public holiday.

Broker means a person who is a share broker and a participant in CHESS.

CGT has the meaning given to that term in Section 6.1.

CHESS means the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia.

CHESS Holding means a holding of Mungana Shares on the CHESS subregister of Mungana.

Conditions means the conditions of the Offer detailed in Section 8.9.

Controlling Participant means the Broker or ASX Settlement Participant who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Denham Capital has the meaning given to that term in Section 2.1.

Denham Funds means Denham Commodity Partners Fund VI LP and Denham Commodity Partners Fund VI-A LP.

Environmental Permit means EPML 00562913 issued to Mungana with effect from 7 January 2015 by the Department of Environment and Heritage Protection, Queensland.

FATA means the Foreign Acquisitions and Takeovers Act 1975 (Cth).

FIRB means the Foreign Investment Review Board.

Foreign Law means a law of a jurisdiction other than Australia.

Funding Commitment Deed has the meaning given to that term in Section 4.4.

Funding Requirement has the meaning given to the term in Section 4.3.

GFTG has the meaning given to that term in Section 8.9(h).

Government Agency means any government or any governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

GST means Goods and Services Tax.

Hassalls Report means the Valuation and Summary Appraisal Report of Equipment in the matter of Mungana located at Mungana Mine, near Chillagoe, Queensland, dated 5 February 2014, prepared by Australian Auctions Pty Ltd and attached as Appendix E to the independent expert's report attached as schedule 4 to the explanatory memorandum accompanying Mungana's notice of meeting dated 23 June 2014.

HIN means holder identification number issued by CHESS.

Independent Expert has the meaning given to that term in Section 8.9(o)(ii).

IRESS means IRESS Limited ACN 060 313 359.

Issuer Sponsored Holding means a holding of Mungana Shares on Mungana's Issuer Sponsored Subregister.

Issuer Sponsored Subregister has the meaning given to that term in the ASX Settlement Operating Rules.

Known Circumstance has the meaning given to that term in Section 8.9(u).

London Metal Exchange means the international trading body that facilitates the worldwide open market buying and selling of metals.

Management Unitholders has the meaning given to that term in Section 2.1.

Maximum Consideration has the meaning given to that term in Section 4.2.

Mungana means Mungana Goldmines Limited ACN 136 606 338.

Mungana Board means the board of Mungana Directors.

Mungana Convertible Note means a convertible note with a face value of A\$7.5 million and issued in accordance with the terms and conditions detailed in Mungana's notice of meeting announced to ASX on 23 June 2014.

Mungana Director means a director of Mungana as at the date of this Bidder's Statement.

Mungana Group means Mungana and its Subsidiaries.

Mungana Group Entity means a member of the Mungana Group.

Mungana Half Year Report means Mungana's half year report for the period ended 31 December 2014.

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

Mungana Shareholders means all registered holders of Mungana Shares.

Mungana Option means an option to acquire a Mungana Share.

Niugini has the meaning given to that term in Section 8.9(r).

Offer means the off-market takeover offer by Auctus for Mungana Shares on the terms and conditions detailed in this Bidder's Statement.

Offer Consideration means \$0.135 cash for every Mungana Share.

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

Principal Tenements means collectively:

- (a) ML 20640 (Mungana West);
- (b) MLA 20658 (King Vol);
- (c) ML 4928 (Griffiths 1);
- (d) ML 4977 (Griffiths 2);
- (e) ML 5176 (Red Dome);
- (f) ML 5319 (North West Mungana); and
- (g) any rights or entitlements issued in substitution of any of the above.

PPSA means the Personal Property Securities Act 2009 (Cth).

PPSR means the Personal Property Securities register established under section 147 of the PPSA.

Product Agreement has the meaning given to that term in Section 8.9(g).

Processing Plant means Mungana's processing (crushing and flotation) plant facility located at Mungana Mine, near Chillagoe, Queensland.

PSU has the meaning given to that term in Section 8.9(i).

Record Date means the date set by Auctus under section 633(2) of the Corporations Act, being 7:00pm (AEST) on 6 May 2015.

Relevant Interest has the meaning given to that term in section 9 of the Corporations Act.

Rights means all accreditations, benefits and rights attaching to or arising from Mungana Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by Mungana).

Section means a section of this Bidder's Statement.

Security Interest has the meaning given to that term in section 12 of the PPSA.

Specified Event has the meaning given to that term in Section 8.9(u).

SRN means securityholder reference number issued by CHESS.

Strategic Review has the meaning given to that term in Section 5.3(a).

Subsidiary means a subsidiary within the meaning given to that term in section 9 of the Corporations Act.

Takeovers Panel means the Takeovers Panel established under section 171 of the *Australian Securities and Investments Commission Act 2001* (Cth).

Target's Statement means the target's statement to be prepared by Mungana in relation to the Offer in compliance with Part 6.5 of the Corporations Act.

Tenements means Mungana's tenement interests as detailed in the tenement schedule attached to Mungana's March 2015 Quarterly Report released on ASX on 20 April 2015.

Trading Price means, for any security as of any date, the closing bid price on ASX as reported on ASX's website.

Transamine has the meaning given to that term in Section 8.9(g).

Trustee has the meaning given to that term in Section 2.1.

VWAP means volume weighted average price of "on-market" trades on ASX (i.e. normal trades, cross trades, stabilisation trades and short sell trades).

10.2 Interpretation

The following rules of interpretation apply unless the context otherwise requires:

- (a) a reference to a time is a reference to Australian Eastern Standard Time (AEST) time, unless otherwise stated;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a gender includes all genders;
- (e) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (f) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (g) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (i) a reference to any instrument or document includes any variation or replacement of it;
- (j) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;
- (k) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (l) a reference to "you" is to a person to whom the Offer is made; and
- (m) the words "include", "including", "for example" or "such as" are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

Auctus Chillagoe Pty Ltd

ACN 605 055 285

Return your Form:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

For all enquiries:



Phone:

(within Australia) 1300 482 171
(outside Australia) +61 3 9415 4146

000001 000 MUXTKO
MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Acceptance and Transfer Form

ISSUER



Your form must be received by the end of the Offer Period.

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Auctus Chillagoe Pty Ltd ("Auctus") to acquire all of your ordinary shares ("Mungana Shares") in Mungana Goldmines Limited ("Mungana") ACN (136 606 338) the terms of which are set out in the Bidder's Statement from Auctus dated XXXXX XX XXXX 2015 as replaced or supplemented (the "Bidder's Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

Step 1: Registration Name & Offer Details

Your consideration will be issued to the name(s) as they appear on the latest copy of the Mungana register, as provided to Auctus. The current address recorded by Auctus is printed above and overleaf. If you have recently bought or sold Mungana Shares your holding may differ from that shown. If you have already sold all your Mungana Shares in Mungana, do not complete or return this form.

Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your Mungana Shares.

Step 3: Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders must sign.

Power of Attorney: Where signing as Power of Attorney ("POA"), you must attach an original certified copy of the POA to this form.

Companies: Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

Overseas Companies: Where the holding is in the name of an overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form ➔



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Acceptance and Transfer Form

STEP 1

Registration Name & Offer Details



For your security keep your SRN/
HIN confidential.

Registration Name: MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Offer Details: Securityholding as at XXXXX XX XXXXX 2015:

2000

By accepting the Offer, you are accepting the Offer for ALL the Mungana Shares as recorded by Auctus as being held by you at the date your acceptance is processed (even if different to the number stated above).

STEP 2

Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your Mungana Shares. The consideration applicable is set out in the terms of the Offer.

STEP 3

Signature of Securityholder(s) *This section must be completed.*

I/We accept the Offer and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL of my/our Mungana Shares as per the above instruction.

Individual or Securityholder 1

**Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)**

Securityholder 2

Director

Securityholder 3

**Director/Company Secretary
(cross out titles as applicable)**

**Contact
Name** _____

**Contact
Daytime
Telephone** _____

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited ("CIS") for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. We may also use your personal information to send you marketing material approved by Auctus Chillagoe Pty Ltd. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or by emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to Auctus Chillagoe Pty Ltd or to third parties upon direction by Auctus Chillagoe Pty Ltd where related to the administration of your securityholding or as otherwise required or permitted by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

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Computershare +

Auctus Chillagoe Pty Ltd

ACN 605 055 285

000002 000 MUXTKO
MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Return your Form:



To Your Controlling Participant:

Return this form directly to your stockbroker



By Mail:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

For all enquiries:

Phone:



(within Australia) 1300 482 171
(outside Australia) +61 3 9415 4146

Acceptance and Transfer Form

CHESS



Your form must be received with sufficient time to allow processing prior to the end of the Offer Period.

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Auctus Chillagoe Pty Ltd ("Auctus") to acquire all of your ordinary shares ("Mungana Shares") in Mungana Goldmines Limited ("Mungana") ACN (136 606 338) the terms of which are set out in the Bidder's Statement from Auctus dated XXXXX XX XXXX 2015 as replaced or supplemented (the "Bidder's Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

Step 1: Registration Name & Offer Details

Your consideration will be issued to the name(s) as they appear on the latest copy of the Mungana register, as provided to Auctus. The current address recorded by Auctus is printed above and overleaf. If you have recently bought or sold Mungana Shares your holding may differ from that shown. If you have already sold all your Mungana Shares in Mungana, do not complete or return this form.

Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your Mungana Shares.

As your Mungana Shares are in a CHESS holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept the Offer. If you do this, your Controlling Participant will provide you with details as to what they require in order to accept the Offer on your behalf. If you want Auctus to contact your Controlling Participant on your behalf, sign and return this form to the address above so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise Auctus and Computershare Investor Services Pty Limited ("CIS") to request your Controlling Participant to initiate acceptance of the Offer on your behalf.

By signing this form, you warrant to Auctus (and authorise Auctus to warrant on your behalf) that you have full legal and beneficial ownership of the Mungana Shares to which this form relates and that Auctus will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights. You should allow sufficient time for your Controlling Participant or Auctus to initiate the acceptance of the Offer on your behalf. Neither Auctus or CIS will be responsible for any delays incurred by the process of requesting your Controlling Participant to accept the Offer.

Step 3: Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders must sign.

Power of Attorney: Where signing as Power of Attorney ("POA"), you must attach an original certified copy of the POA to this form.

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- two Directors, **OR**
- a Director and Secretary.

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Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form →




X 2222222222

I ND

Acceptance and Transfer Form

STEP 1

Registration Name & Offer Details

 For your security keep your SRN/
HIN confidential.

Registration Name: MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Controlling Participant Identifier:

Offer Details: Securityholding as at XXXXX XX XXXXX 2015:

2000

By accepting the Offer, you are accepting the Offer for ALL the Mungana Shares as recorded by Auctus as being held by you at the date your acceptance is processed (even if different to the number stated above).

STEP 2

Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your Mungana Shares. The consideration applicable is set out in the terms of the Offer.

STEP 3

Signature of Securityholder(s) *This section must be completed.*

I/We accept the Offer and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL of my/our Mungana Shares as per the above instruction.

Individual or Securityholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary
(cross out titles as applicable)

Contact
Name

Contact
Daytime
Telephone

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