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MEDIA RELEASE
The Company Announcements Office, ASX Limited
For immediate release to the market

OFF MARKET TAKEOVER OFFER FOR GONDWANA RESOURCES LIMITED AT 49.09% PREMIUM TO LAST CLOSING PRICE

9 May 2014: Ochre Group Holdings Limited ACN 008 877 745 (**OGH**) today announces that, through a wholly owned subsidiary, Ochre Industries Pty Ltd (**Ochre**), it intends to make a conditional off-market cash offer of \$0.082 per share for all the shares in Gondwana Resources Limited ACN 008 915 311 (**Gondwana**) (**Offer**). OGH (through its wholly owned subsidiaries) is the largest shareholder in Gondwana, with an interest of 17.65% in Gondwana's shares.

Intention to extend the Offer to shares issued under the Rights Issue if it proceeds

The Offer is on the condition that the rights issue announced on 15 April 2014 (**Rights Issue**) either does not proceed, or if it does proceed, it proceeds on the following terms:

- (a) the Rights Issue is on a 1:1 basis at a price of \$0.032 per share;
- (b) the Rights Issue attaches one free option exercisable at \$0.05 per share for every two shares offered under the Rights Issue;
- (c) the Rights Issue is not underwritten;
- (d) the Rights Issue supplementary prospectus is issued by Gondwana on or before 23 May 2014 and the shares and options issued under the Rights Issue takes place before 23 June 2014;
- (e) there are no shares issued under the Rights Issue shortfall facility except to shareholders with less than 20,000 shares to round them up to this amount; and
- (f) either a nominee is appointed in terms of s615 of the Corporations Act, or a modification of item 10 of section 611 of the Corporations Act is obtained from ASIC under section 655A of the Corporations Act, to enable OGH to take up its full entitlement under the Rights Issue. OGH will make application to ASIC for this relief as soon as practicable.

To enable the Offer to extend to new shares issued under the Rights Issue (including shares issued upon the exercise of options issued under the Rights Issue) and to new shares issued upon the exercise of placement options if approved by the Gondwana shareholders at its forthcoming annual general meeting (**AGM**), as set out in resolution 4 of the Gondwana notice of general meeting dated 15 April 2014 (**AGM Notice**) (**Placement Options**), which are not in existence when the Bidder's Statement is despatched, a modification of the Corporations Act will be required from ASIC under s655A of the Corporations Act. Ochre intends to make application to ASIC for this relief as soon as practicable.

Offer at a Significant Premium

The Offer consideration of \$0.082 in cash for each Gondwana share represents a significant premium to the recent Gondwana share price and an even greater premium to the issue price for each Gondwana share under



the Rights Issue. Specifically, up to and including the last day of trading before Gondwana went into trading halt, the Offer represents:

- a 49.09% premium to the closing price of \$0.055 for Gondwana shares on 30 April 2014, being the last day of trading before Gondwana went into trading halt; and
- a 156.25% premium to the issue price of \$0.032 for new Gondwana shares under the Rights Issue (if this proceeds and the required ASIC modification is issued), but not including shares issued upon exercise of options issued under the Rights Issue.

Offer Highly Compelling

OGH believes that the Offer is highly compelling for Gondwana shareholders for the following reasons:

- the Offer represents a significant premium to recent trading prices of Gondwana Shares and an even greater premium to the issue price of Gondwana shares under the Rights Issue (if this proceeds);
- shareholders will receive full, certain and immediate cash consideration for their Gondwana Shares (assuming the Offer becomes unconditional or the conditions are satisfied);
- the Offer is intended to extend (subject to ASIC relief) to new Gondwana shares under the Rights Issue (if this proceeds) and also to new shares issued upon the exercise of the options issued under the Rights Issue;
- shareholders are given a certain exit opportunity in circumstances where Gondwana's auditors have identified in the 2013 Annual Report that *"there is material uncertainty which may cast significant doubt regarding the ability of the company to continue as a going concern .."*;
- the Offer allows for avoidance of a number of risks associated with being a minority shareholder in Gondwana, including the risk of even lesser volumes of trade on market than currently; and
- the Offer is the only offer for Gondwana's shares and Ochre considers the likelihood of a counter bidder emerging with a superior offer is low.

Other Offer conditions

In addition to the conditions relating to the Rights Issue, the proposed Offer will be subject to various conditions which are set out in Annexure A and some of which are summarised below:

- (a) a 50% minimum acceptance condition;
- (b) no prescribed occurrence occurs and in particular (without limiting the operation of the condition) Gondwana does not issue, or agree to issue, any new shares or grants an option over its shares or agrees to grant an option, other than the shares and options under the Rights Issue (on the terms described above) or in respect of the Placement Options and in particular Gondwana does not issue:
 - (i) new Gondwana shares under a shortfall facility in respect of the Rights Issue except to round up to 20,000 shares, holdings of less than this number; nor
 - (ii) issue any shares or options under the proposed capital raising to be put before Gondwana shareholders at its AGM, as set out in resolutions 5 to 9 of the AGM Notice; nor



- (iii) issue any new shares under the 15% threshold pursuant to Listing Rule 7.1 if the placement power is refreshed under resolution 3 of the AGM Notice;
- (c) no termination or other adverse rights arise from a "change in control" of Gondwana occurring;
- (d) no material acquisitions, disposals or commitments and maintenance of the status quo during the bid period;
- (e) mining rights and renewals and all tenements are kept in good standing during the bid period;
- (f) other customary conditions associated with proposals of this nature, including no material adverse changes occurring to Gondwana and no adverse action by applicable regulatory authorities (excluding the Takeovers Panel or ASIC in relation to the bid).

By Order of the Board.
Ochre Group Holdings Limited.

For more information, please contact:

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Annexure A – Conditions to the Takeover Offer

Conditions

The intended off-market cash offer (**Offer**) for all the shares in Gondwana Resources Limited (**Target**), and any contract resulting from the acceptance of the Offer, are subject to the following conditions:

(a) **Rights issue**

The Offer is on the condition that the rights issue announced on 15 April 2014 (**Rights Issue**) either does not proceed, or if it does proceed, the following applies:

- (i) the Rights Issue is on a 1:1 basis at a price of \$0.032 per share;
- (ii) the Rights Issue attaches one free option exercisable at \$0.05 per share for every two shares offered under the Rights Issue;
- (iii) the Rights Issue is not underwritten;
- (iv) the Rights Issue supplementary prospectus is issued by Gondwana on or before 23 May 2014 and the shares and options issued under the Rights Issue takes place on or before 20 June 2014;
- (v) there are no shares issued under the Rights Issue shortfall facility except to shareholders with less than 20,000 shares to round them up to this amount;
- (vi) either a nominee is appointed in terms of s615 of the Corporations Act, or a modification of item 10 of section 611 of the Corporations Act is obtained from ASIC under s655A of the Corporations Act, to enable OGH to take up its full entitlement under the Rights Issue;
- (vii) a modification of the Corporations Act is granted by ASIC under section 655A of the Corporations Act to permit the Offer to include shares issued under the Rights Issue and shares issued upon the exercise of options issued under the Rights Issue.

(b) **Minimum acceptance condition**

Before the end of the period during which the Offer is open for acceptance (**Offer Period**), Ochre Group Holdings Limited (**Bidder**) and its associates have relevant interests in excess of 50% of Target Shares then on issue.

(c) **Regulatory approvals**

During the Offer Period all Regulatory Approvals which are required by law or by a Regulatory Authority in order to permit the Offer to be made to and accepted by Target Shareholders and the lawful completion of the Offer if it is accepted and becomes unconditional are granted, given, made or obtained in each case on an unconditional basis and remain in full force and effect in all respects and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

(d) **No material adverse event**

Except as publicly announced to ASX prior to the date of this announcement (**Announcement Date**), none of the following has happened or happens, is announced, disclosed or otherwise becomes known to Bidder (whether it becomes public or not) during the period from and including the Announcement Date to the end of the Offer Period:

- (i) any event, action, proceeding, circumstance or change in circumstance that (individually or with others) has or is reasonably likely to have a material adverse effect on the assets, liabilities, financial condition or prospects of Target, including but not limited to any one or more of the following effects:
 - (A) when considered together with any related events, occurrences or matters, but disregarding the effects of any unrelated events, occurrences or matters, a diminution in the net assets of the Target by an amount equal to 20% or more by reference to the value of the net assets of the Target as at 31 December 2013 as shown in the Target's 2013 Annual Report; or
 - (B) the incurring of any obligations, liabilities, costs or expenses (contingent or otherwise), other than capital expenditure previously disclosed publicly or to the Bidder in writing, where the quantum (whether individually or when aggregated with all such other events) exceeds \$100,000;
- (ii) any event or circumstance which constitutes or gives rise to or may (upon the passage of time, the fulfilment of any condition, or the giving of notice or taking of any other action by a Regulatory Authority or any other person) give rise to the suspension, revocation, disclaimer, invalidity, unenforceability, variation, lapse or termination of all or any material rights under any Mining Interest, the contract between Target and Atlas Iron Limited relating to the payment of a royalty or any material contract to which Target or any subsidiary of Target is a party;
- (iii) the grant of mining or other rights or interests of any kind over all or part of any area covered by or the subject of a Mining Interest to any person other than the holder(s) of that Mining Interest (in that capacity) which materially conflict or could reasonably be expected to materially conflict with the enjoyment of the rights conferred or purported to be conferred by a Mining Interest.

(e) No material acquisitions, disposals, commitments, etc

Between the Announcement Date and the end of the Offer Period, neither Target nor any of its subsidiaries:

- (i) enters into or announces an intention or proposal to enter into or offers to enter into;
- (ii) discloses the existence of; or
- (iii) incurs, becomes subject to, or brings forward the time for performance of (or is reasonably likely to incur, become subject to or bring forward the time for performance of),

an obligation or arrangement (other than pursuant to and in the proper discharge of a legally binding obligation entered into and fully disclosed to the ASX prior to the Announcement Date) or a decision by it, whether conditional or otherwise:

- (iv) to acquire an interest in property or other assets for an amount or having a market value in aggregate greater than \$100,000;



- (v) to dispose of an interest in any property or other asset for an amount, or in respect of which the book value (as recorded in Target's balance sheet as at 31 December 2013) is, in aggregate, greater than \$100,000;
- (vi) to perform or acquire the benefit of any services or supplies of goods or services in relation to any asset, business or interest where the aggregate financial liability of the Target or any subsidiary of the Target in respect of those services exceeds or may exceed \$100,000 or the term of the arrangement exceeds and cannot be terminated within 12 months;
- (vii) to enter into or terminate, or, in any material respect, amend or waive, any of the terms applicable to, or rights (including any rights of pre-emption or first or last refusal) under, a shareholders agreement, joint-venture, asset or profit sharing agreement, royalty agreement, the contract between Target and Atlas Iron Limited relating to the payment of a royalty, partnership or joint-selling agreement or sale or purchase agreement or merger of business or of corporate entities; or
- (viii) to make or incur capital expenditure of more than \$100,000 (whether for an individual item or on an aggregated basis),

unless approved in writing by Bidder.

(f) **No Prescribed Occurrences between Announcement Date and service of Bidder's Statement**

Between the period beginning on the Announcement Date up to the date Bidder gives its Bidder's Statement to Target, no Prescribed Occurrence occurs in relation to Target or any of its subsidiaries.

(g) **No Prescribed Occurrences**

Between the period beginning on the date Bidder gives its Bidder's Statement to Target and ending at the end of the Offer Period, no Prescribed Occurrence occurs in relation to Target or any of its subsidiaries.

(h) **Conduct of Target's business**

Between the Announcement Date and the end of the Offer Period, none of the following events occurs:

- (i) except as required by law, Target or a subsidiary of Target:
 - (A) increases the remuneration of or pays any bonus or issues any securities or options to, or otherwise varies the employment agreements with, any of its directors or employees except:
 - (I) as expressly required under the terms of any employment agreement existing as at the Announcement Date; or
 - (II) that the remuneration of employees (not including directors) may be increased provided that:
 - (aa) the remuneration of any one employee is not increased by more than 10% of the remuneration payable to that employee as at the Announcement Date; and

- (ab) the aggregate of all the increases in remuneration do not exceed 10% of the total remuneration payable by Target to all its employees (including the employees of Target's Related Entities) as at the Announcement Date; or
 - (B) accelerates the rights of any of its directors or employees to benefits of any kind; or
 - (C) pays a director, executive or employee a termination payment, other than as provided for in an existing employment contract and approved by shareholders for the purposes of the Corporations Act or ASX Listing Rules (as appropriate) before the Announcement Date;
- (ii) Target or a subsidiary of Target gives or agrees to give a financial benefit to a related party of Target within the meaning of Chapter 2E of the Corporations Act;
- (iii) Target or a subsidiary of Target enters into any arrangement for the borrowing of an amount in excess of \$100,000 except as a consequence of the renegotiation of its loan facilities that exist as at the Announcement Date, but without increasing the amount available under those facilities;
- (iv) Target or a subsidiary of Target enters into any arrangement under which Target or a subsidiary of Target may be required to advance or provide financial accommodation to another party, other than in the ordinary course of business;
- (v) Target or any of its subsidiaries exercises or waives any pre-emptive rights or rights of first or last refusal in respect of any shares, assets or property held by another person prior to the final date on which those rights may be exercised;
- (vi) Target declaring, paying or distributing any dividend, bonus or other share of its profits or assets by way of dividend, capital reduction or otherwise; or
- (vii) Target or a subsidiary of Target amends its constitution.
- (i) **No untrue statements**
Between the Announcement Date and the end of the Offer Period, Bidder does not become aware of:
 - (i) any statement that is untrue or misleading in any material respect; or
 - (ii) any fact that is required to be stated to make a statement not misleading in any material respect,
 in any document filed by or on behalf of Target with ASX, other than changes, events or conditions fully and publicly announced or fully and publicly disclosed by Target prior to the Announcement Date.
- (j) **No regulatory action**
Between the Announcement Date and the end of the Offer Period:
 - (i) there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority;



- (ii) no action or investigation is announced, commenced or threatened by any Regulatory Authority with respect to Target or a subsidiary of Target;
- (iii) no application is made to any Regulatory Authority (other than by Bidder or any associate of Bidder),

in consequence of or otherwise relating to the Offer (other than an application or determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act or if the regulatory action results from action or inaction of Bidder or its associates) which is reasonably likely to or purports or threatens to:

- (iv) restrain, prohibit or impede, or otherwise materially adversely impact on, the making of the Offer or the completion of any transaction contemplated by the Bidder's Statement (including the acquisition of Target Shares) or the continued ownership and operation of the business of Target or a subsidiary of Target; or
- (v) require the variation of the terms of the Offer; or
- (vi) require or approve the divestiture of any Target Shares or the divestiture of any assets of the Target or a subsidiary of Target or the Bidder or a subsidiary of the Bidder.

(k) Non-existence or exercise of certain rights

Between the Announcement Date and the end of the Offer Period, there is no person (other than the Bidder or any of its subsidiaries) having any rights, being entitled to or exercising any rights, alleging an entitlement, or expressing or announcing an intention (whether or not that intention is stated to be a final or determined decision of that person) and in all cases whether subject to conditions or not, as a result of any change of control event in respect of Target (including Bidder acquiring shares in Target) or any of its subsidiaries or assets, to:

- (i) terminate or alter any Mining Interest, the contract between Target and Atlas Iron Limited relating to the payment of a royalty or any material contract to which Target or any of its subsidiaries is a party;
- (ii) require the termination, modification or disposal or offer to dispose of any material interest or asset, corporate body, other entity, partnership or joint venture (incorporated or unincorporated); or
- (iii) accelerate or adversely modify the nature or performance of any material obligations of Target or any of its subsidiaries under any Mining Interest, the contract between Target and Atlas Iron Limited relating to the payment of a royalty or other material contract.

(l) Equal access to information

At all times between the Announcement Date and the end of the Offer Period, Target promptly (and in any event within two Business Days) provides to Bidder a copy of all material information concerning the Target's or any subsidiary of the Target's business and operations and that has not already been provided to Bidder relating to Target or any subsidiary of Target or any of their respective businesses or operations that is provided by Target or any of its related parties (within the meaning of section 228 of the Corporations Act) to any person (other than Bidder) for the purpose of soliciting, encouraging or facilitating a proposal or offer by that person, or by any other person, in relation to a Competing Proposal.

(m) No break fees

- (i) That, subject to paragraph (m)(ii) below, between the Announcement Date and the end of the Offer Period neither the Target or body corporate which is or becomes a subsidiary of Target, agrees (whether conditionally or contingently) to pay or provide any benefit to any person, or to forego or otherwise reduce any payment or benefit to which it would otherwise be entitled, in connection with any person other than Bidder making or agreeing to participate in, or enter into negotiations concerning a Competing Proposal.
- (ii) Paragraph (m)(i) above does not apply to a payment:
 - (A) for providing professional advisory services to Target;
 - (B) which is approved in writing by Bidder;
 - (C) lawfully made to any Target directors, officers or employees (subject to paragraph (h)(i)(A)); or
 - (D) which is approved by a resolution passed at a general meeting of Target.

(n) No direct or indirect Disposal of or encumbrance over Mining Interests

Between that day that is one month before the Announcement Date and the end of the Offer Period, neither Target nor any of its subsidiaries:

- (i) enters into or announces an intention or proposal to enter into or offers to enter into; or
- (ii) discloses the existence of; or
- (iii) becomes subject to,
an obligation or arrangement, whether conditional or otherwise and irrespective of the consideration or value:
- (iv) to Dispose of all or any of, or any interest in, a Mining Interest or the contract between Target and Atlas Iron Limited relating to the payment of a royalty; or
- (v) to Dispose or issue, or grant an option or other rights over or in respect of, all or any of the shares or other voting or economic interests in the Target or any subsidiary of the Target;
or
- (vi) to grant, permit, suffer to subsist or enter into any encumbrance or other security interest over all or any of, or any interest in, a Mining Interest or the contract between Target and Atlas Iron Limited relating to the payment of a royalty.

(o) New Mining Contract and Mining Interest Renewals

- (i) If before the end of the Offer Period:
 - (A) a mining contract has been entered into with a Regulatory Authority; or
 - (B) any Mining Interest in relation to which a renewal application:
 - (aa) has been made before and is outstanding on the Announcement Date; or
 - (bb) is made on or after the Announcement Date,



is renewed, that mining contract is entered into or (as the case may be) that renewal is granted in favour of, and solely for the benefit of, a wholly owned subsidiary of Target and on terms and conditions that are substantially the same as the final draft of that mining contract or (as applicable) the terms and conditions of renewal set out in the renewal application forms disclosed by Target to ASX or to Bidder before the Announcement Date.

- (ii) If before the end of the Offer Period, such a mining contract has not been entered into or such a renewal has not been granted:
 - (A) the applicable Regulatory Authority has not before the end of Offer Period notified or otherwise made known an intention to refuse to enter into the mining contract or grant the renewal; and
 - (B) neither the applicable Regulatory Authority nor any member of the Target Group has before the end of Offer Period notified or otherwise proposed or made known an intention to seek a material change to the terms and conditions of that mining contract or renewal relative to the final draft of that mining contract or (as applicable) the terms and conditions of renewal set out in the renewal application forms disclosed by Target to ASX or Bidder before the Announcement Date.

Each of the conditions in each paragraph and sub-paragraph above is a separate condition.

The conditions are conditions subsequent to the performance of the contract formed on acceptance of an Offer and do not prevent a contract resulting from acceptance of the Offer from coming into effect, but any non-fulfilment of them entitles Bidder to rescind any contracts resulting from acceptance of the Offer.

Glossary

In this Annexure A to Ochre Group Holdings Limited's announcement dated 9 May 2014:

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.

Competing Proposal means any proposal, offer or transaction by a third party (other than Bidder or its related parties (within the meaning of section 228 of the Corporations Act) that, if completed, would mean:

- (a) a person would acquire a relevant interest or voting power in 10% or more of Target Shares or of the securities of the Target or any subsidiary of the Target;
- (b) a person would enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 10% or more of Target Shares or of the securities of any subsidiary of the Target;
- (c) a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or a substantial part or material part of the business conducted by, or assets or property of, Target or any subsidiary of the Target;
- (d) a person would acquire control (within the meaning of section 50AA of the Corporations Act) of Target or any subsidiary of the Target;
- (e) a person may otherwise acquire, or merge with, Target or any subsidiary of the Target (including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure, joint venture or partnership); or
- (f) Target will issue, on a fully diluted basis, 10% or more of its capital as consideration for the assets or share capital to another person; or
- (g) or any proposal by Target to implement any reorganisation of capital or dissolution.

Corporations Act means the *Corporations Act 2001*.

Dispose means to sell, offer for sale, transfer, assign, swap, surrender, gift, create or allow to exist an encumbrance, option or trust or otherwise deal with or dispose of that property (or any legal or beneficial interest in it or part of it) or authorise, or agree conditionally or otherwise to do, any of the things referred herein.

Minerals means all solid minerals including without limitation coal, gold, iron ore, uranium, rare earths, diamonds, other gemstones and industrial minerals.

Mining Interest means any tenement, mining lease or right to explore for or extract Minerals in any given place.

Prescribed Occurrence means an event described in sub-section 652C(1) or (2) of the Corporations Act.

Regulatory Approvals means such consents, approvals, instruments or other acts made or given by a Regulatory Authority required for the Takeover Bid.



Regulatory Authority includes:

- (a) a government or governmental, semi-governmental, administrative, fiscal or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;
- (c) any regulatory organisation established under a statute; and
- (d) in particular, ASX and ASIC.

Takeover Bid means an off-market takeover bid by Bidder (or its wholly owned subsidiary) for all of the Target Shares to be implemented in compliance with Chapter 6 of the Corporations Act.

Target Share means a fully paid ordinary share in Target.

Target Shareholder means a holder of one or more Target Shares.