

ASX ANNOUNCEMENT / MEDIA RELEASE**ASX:ABU**

29 April 2016

Initial Takeovers Panel's Reasons and Review Panel Decision

ABM Resources NL ("ABM" or the "Company") notes that the reasons for the initial Takeovers Panel decision in relation to the Company's proposed rights issue have been published on the Panel's website and that the decision of the Review Panel has been announced this morning. ABM is now able to provide this update on its capital raising activities.

Background

On 9 March 2016, ABM announced a capital raising comprising a 3 for 5 fully underwritten non-renounceable rights issue (the "Rights Issue") to raise approximately \$8.2 million from the issue of 205 million new shares at 4 cents per share, together with a \$3.8 million debt facility (the "Debt Facility"). The Debt Facility was intended to assist in providing the capital required by the Company while minimising dilution to shareholders.

As outlined in the offer document for the Rights Issue (ASX 9 March 2016), proceeds from the Rights Issue were principally to be used for the exploration and evaluation of the Company's core gold properties in the Tanami region of the Northern Territory. Funds drawn down from the Debt Facility were to be placed in interest bearing term deposits to cash back performance bonds associated with those properties, with the intention that debt would be progressively repaid as bonds are released following rehabilitation.

Pacific Road Capital Management Pty Ltd as trustee for Pacific Road Fund II Managed Investment Trust (**PRCM**) agreed to fully sub-underwrite the Rights Issue and, at ABM's request, provide the Debt Facility. PRCM is the Company's largest shareholder with a holding of approximately 19.9% and their financial commitment provided the Company with certainty in relation to meeting its funding requirements.

Prior to announcing the Rights Issue, ABM considered a number of alternative funding solutions including a proposal from APAC Resources Capital Limited, a wholly owned subsidiary of Hong Kong listed company APAC Resources Limited (**APAC**). APAC is ABM's second largest shareholder with a holding in the Company of approximately 14.8%.

As outlined in paragraph 7 of the Initial Panel's reasons, APAC initially proposed to underwrite a renounceable rights issue to raise \$14 million at 1.5 cents per share. This would have resulted in the issue of 933 million new shares. Subsequently APAC revised the pricing of its proposal to 2.25 cents per share reducing the number of new shares to be issued to 622 million, though still more than three times as many shares as would be issued under the Rights Issue.

The directors of ABM, excluding APAC's representative on the board, considered (in conjunction with independent corporate advice) that the Rights Issue was superior to the APAC proposal (as well as the other, less certain solutions before the directors) and in the best interests of shareholders as it would result in significantly less dilution of shareholders who did not take up their rights.

Those directors also considered that there were potentially greater control issues with APAC's revised proposal, particularly in a circumstance where no other shareholder took up their rights where APAC would control 69.7% of the Company's shares. The APAC proposal also contained a condition that an APAC nominee was appointed as chairman, which together with APAC's existing director would give APAC effective control of the four member board.

In recognition that all available fundraising options would be likely to have a control effect, the directors (other than APAC's representative) considered the Rights Issue would underpin a sufficient level of funding for work programs over the coming two years, be considerably less dilutive to shareholders than alternative proposals and have a materially lower control effect through a lower maximum percentage ownership and greater independence of the board.

Initial Takeovers Panel Application

On 11 March 2016 the Takeovers Panel announced that it had received an application from APAC seeking orders to halt the Rights Issue. On 7 April 2016 the Takeovers Panel made a declaration of unacceptable circumstances in relation to the Rights Issue, principally citing concerns in relation to the steps taken by ABM to minimise the likely control effects of the Rights Issue, and ordered that ABM not proceed with the Rights Issue.

Review of Takeovers Panel Decision

In order to obtain greater certainty in relation to a capital raising to satisfy its funding requirements, the Company sought a review of the Initial Panel's decision and submitted a restructured rights issue proposal to the Review Panel intended to address concerns raised by the Initial Panel.

In its decision released this morning, the Review Panel stated that, on the material provided, it considered that ABM's restructured rights issue proposal would be unlikely to be unacceptable. The Review Panel decided not to vary the Initial Panel's orders, on the basis that the proposal was not yet final, but noted that it considered that this decision did not prevent ABM proceeding. ABM therefore intends to proceed with a new rights issue based on the structure presented to the Review Panel, as outlined below. The Company does not intend to enter into a debt facility.

Proposed Rights Issue

Patersons Securities Limited (**Patersons**) has been mandated in relation to a new renounceable rights issue. The new rights issue is intended to raise between \$10 and \$12 million, with pricing to be set by ABM in consultation with Patersons based on marketing testing by Patersons.

General sub-underwriters, including clients of Patersons, will be given priority sub-underwriting positions, with remaining sub-underwriting positions available to ABM's three major shareholders pro rata to their current shareholdings in the Company. Patersons has written to the Company's major shareholders seeking expressions of interest to sub-underwrite.

ABM will keep shareholders informed of all material developments in relation to the proposed rights issue.

Brett Lambert



Managing Director