

18 August 2014

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FOR IMMEDIATE RELEASE

ASX Market Announcements Office
ASX Limited

Dear Sir / Madam

Takeover bid by Ochre Industries Pty Limited for Gondwana Resources Limited

We act for Ochre Industries Pty Limited ACN 162 416 408 (**Ochre**).

On 19 June 2014, Ochre Industries Pty Limited ACN 162 416 408 (**Ochre**), a wholly owned subsidiary of Ochre Group Holdings Limited ACN 008 877 745, lodged with ASIC its bidder's statement in relation to its off-market bid for all of the ordinary shares in Gondwana Resources Limited ACN 008 915 311 (**Gondwana**) (**Bidder's Statement** and **Gondwana**, respectively) and on 2 July 2014 lodged with ASIC its first supplementary bidder's statement (**First Supplementary Bidder's Statement**).

Enclosed with this letter are:

- (a) a notice to increase the offer price of Ochre's bid pursuant to section 650D(1) of the *Corporations Act 2001* (Cth) (**Act**) dated 18 August 2014 (**Notice to Increase Consideration**);
- (b) a notice to declare the offer free from certain conditions in accordance with section 650F(1) of the Act, dated 18 August 2014 (**Notice to Declare Offer Free from Certain Conditions**); and
- (c) a copy of Ochre's second supplementary bidder's statement dated 18 August 2014 (**Second Supplementary Bidder's Statement**) which supplements the information contained in its Bidder's Statement and First Supplementary Bidder's Statement in accordance with section 647(3)(a) of the Act.

As required by section 650D(1)(b) and section 650D(1)(c) of the Act, a copy of the enclosed Notice to Increase Consideration has been lodged with ASIC, served on the Target and will be sent to everyone to whom offers were made under the bid.

As required by section 650F(1) of the Act, a copy of the enclosed Notice to Declare Offer Free from Certain Conditions was served on Gondwana today.

A copy of the Second Supplementary Bidder's Statement has been served on Gondwana in accordance with section 647(1) of the Act and lodged with ASIC in accordance with section 647(3)(a) of the Act.

Yours faithfully
MINTER ELLISON

Ron Forster

Partner



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Our reference: RWF:1076917



CORPORATIONS ACT 2001 (Cth)

NOTICE BY

OCHRE INDUSTRIES PTY LIMITED ACN 162 416 408

UNDER SECTION 650D

VARIATION OF OFFER (CONSIDERATION)

TO: Australian Securities and Investments Commission
Australian Securities Exchange Limited
Gondwana Resources Limited ABN 72 008 915 311

AND TO: Each holder of Gondwana shares to whom the Offer referred to below has been made

This is a notice given by Ochre Industries Pty Limited ACN 162 416 408 (**Ochre**) in relation to the offer made under its off-market takeover bid for all of the ordinary shares in Gondwana Resources Limited ACN 008 915 311 (**Gondwana**) (the **Offer**) pursuant to its bidder's statement dated 19 June 2014 as supplemented by its first supplementary bidder's statement dated 2 July 2014 (together the **Bidder's Statement**).

In accordance with section 650B(1)(a) and 650D(1) of the *Corporations Act 2001* (Cth), Ochre gives notice that it varies the Bidder's Statement and the Offer by:

- (a) increasing the consideration Offer Price from \$0.082 in cash per Gondwana share to \$0.115 in cash per Gondwana share. Accordingly, the **consideration for the Offer is now \$0.115 per Gondwana share**.
- (b) improving the consideration where referred to as "\$0.082" to "\$0.115" throughout the Bidder's Statement and in particular:
 - (i) front page of the Bidder's Statement;
 - (ii) page 2 at the first sentence and at 'Significant Premium' of the Chairman's Letter in the Bidder's Statement;
 - (iii) page 4 'Offer Price' of the Bidder's Statement;
 - (iv) page 6 Section 2, Reasons 1, 2, 3 and 4 of the Bidder's Statement;
 - (v) pages 7 and 8 Section 3, 'What is the Offer?', 'What will I receive if I accept the Offer?' and 'What happens if I do not accept the Offer?', of the Bidder's Statement;

- (vi) page 25 Section 11.9 of the Bidder's Statement;
- (vii) page 41 Section 12.1, definition of 'Offer Price', of the Bidder's Statement; and
- (viii) section 2 of the First Supplementary Bidder's Statement,

If you have accepted an offer, you are entitled to the difference between the consideration accepted and the improved consideration.

Unless the context otherwise requires, defined terms in this notice have the same meaning as in the Bidder's Statement.

A copy of this notice was lodged with ASIC today, 18 August 2014. ASIC takes no responsibility for the contents of this notice.

DATE: 18 August 2014

APPROVED by resolution passed by directors of Ochre Industries Pty Limited on 18 August 2014 as required under section 650D(3A) of the *Corporations Act* 2001, as amended by ASIC Class Order 13/521.



CORPORATIONS ACT 2001 (Cth)

NOTICE BY

OCHRE INDUSTRIES PTY LIMITED ACN 162 416 408

UNDER SECTION 650F

DECLARING BID FREE FROM CERTAIN CONDITIONS

TO: Australian Securities Exchange Limited
Gondwana Resources Limited ABN 72 008 915 311

This is a notice given by Ochre Industries Pty Limited ACN 162 416 408 (**Ochre**) in relation to the offer made under its off-market takeover bid for all of the ordinary shares in Gondwana Resources Limited ACN 008 915 311 (**Gondwana**) (the **Offer**) pursuant to its bidder's statement dated 19 June 2014 as supplemented by its first supplementary bidder's statement dated 2 July 2014 (together the **Bidder's Statement**).

In accordance with section 650F of the *Corporations Act 2001* (Cth) and paragraph 11.29 of Ochre's Bidder's Statement, Ochre declares all offers contained in the Bidder's Statement and all contracts formed by the acceptance of the offers to be free from all conditions contained in paragraph 11.28 of the Bidder's Statement, except for:

- (a) the condition at paragraph 11.28(a) of the Bidder's Statement, that Ochre and its associates have a relevant interest in excess of 50% before the end of the offer period;
- (b) the condition at paragraph 11.28(d) of the Bidder's Statement, including that Gondwana does not enter into any agreement to acquire or dispose of, or acquires or disposes of, any asset for an amount greater than \$100,000 or which has a book value greater than \$100,000;
- (c) the condition at paragraph 11.28(j) of the Bidder's Statement, that Gondwana provide to Ochre a copy of all information provided to any other person in relation to a competing proposal; and
- (d) the condition at paragraph 11.28(e) of the Bidder's Statement, that no 'Prescribed Occurrences' occur during the offer period including the issue, or agreement to issue, shares, options or convertible notes.

At the date of this notice, Ochre's voting power (including the voting power held by Joffrey Pty Ltd, a wholly owned subsidiary of Ochre Group Holding Limited) in Gondwana Resources Limited is 18.55%.

DATE 18 August 2014

APPROVED by resolution passed by directors of Ochre Industries Pty Limited on 18 August 2014.



SECOND SUPPLEMENTARY BIDDER'S STATEMENT

by Ochre Industries Pty Limited ABN 71 162 416 408

This is the second supplementary bidder's statement (**Second Supplementary Bidder's Statement**) made under section 643 of the *Corporations Act 2001* (Cth) by Ochre Industries Pty Limited's ACN 162 416 408 (**Ochre**). It supplements and is to be read together with Ochre's bidder's statement dated and lodged with ASIC on 19 June 2014 (**Bidder's Statement**) and Ochre's first supplementary bidder's statement dated and lodged with ASIC on 2 July 2014 (**First Supplementary Bidder's Statement**).

A copy of this Second Supplementary Bidder's Statement was lodged with ASIC on 18 August 2014. Neither ASIC nor any of its officers takes any responsibility for the contents of this Second Supplementary Bidder's Statement.

Unless the context requires otherwise, terms defined in the Bidder's Statement and First Supplementary Bidder's Statement have the same meaning in this Second Supplementary Bidder's Statement. This Second Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statement and First Supplementary Bidder's Statement.

1. Increase in Ochre's offer price to 11.5 cents per share

Ochre has increased its offer price for all the ordinary shares in Gondwana from 8.2 cents in cash to **11.5 cents in cash for each Gondwana share**.

The Offer Price of 11.5 cents per Gondwana Share **EXCEEDS THE PREFERRED PRICE** of 11.36 cents per share as determined by the Independent Expert in Gondwana's Target Statement dated 18 July 2014 (**Independent Expert**).

2. Ochre's bid declared free from certain conditions

Ochre declares all Offers contained in the Bidder's Statement and all contracts formed by the acceptance of the Offers to be free from all conditions contained in paragraph 11.28 of the Bidder's Statement, except for:

- (a) the condition at paragraph 11.28(d) of the Bidder's Statement, including that Gondwana does not enter into any agreement to acquire or dispose of, or acquires or disposes of, any asset for an amount greater than \$100,000 or which has a book value greater than \$100,000;
- (b) the condition at paragraph 11.28(j) of the Bidder's Statement, that Gondwana provide to Ochre a copy of all information provided to any other person in relation to a competing proposal; and
- (c) the condition at paragraph 11.28(e) of the Bidder's Statement, that no "Prescribed Occurrences" occur during the offer period including the issue, or agreement to issue, shares, options or convertible notes.

Ochre's offer price has been raised above the price the Independent Expert considers in its opinion as the preferred valuation and above the indicative price proposed by the unidentified potential bidder in its non-binding indicative proposal of 10 cents. In these circumstances, Ochre considers that the Gondwana directors should now recommend Ochre's bid.

Ochre has retained condition 11.28(j) because the Gondwana directors have each failed to engage with Ochre in relation to its bid or in relation to potential proposals to provide funding to Gondwana

on favourable terms. Now that Ochre's offer price has been raised above the price the Independent Expert considers in its opinion as the preferred valuation, Ochre can see no legitimate basis for the Gondwana directors for not providing due diligence material to it. Particularly when it appears from Gondwana's announcement of 12 August 2014 that the directors were contemplating providing due diligence material to an unidentified potential bidder with a non-binding indications proposal at 10 cents per share.

If Gondwana's directors recommend Ochre's bid and give it access to due diligence material (as they have contemplated giving to the unidentified potential bidder), Ochre will declare all Offers contained in the Bidder's Statement and all contracts formed by the acceptance of the Offers to be FREE FROM THE MINIMUM ACCEPTANCE CONDITION.

3. Compelling Reason To Accept Offer

Ochre's increased offer price of **11.5 cents per share** is within the valuation range stated by the Independent Expert as 'FAIR' and is **ABOVE THE 'PREFERRED PRICE'** of 11.36 cents per share.

Ochre's increased offer price of **11.5 cents per share** represents a significant premium to pre-bid trading prices in Gondwana Shares. In particular, it represents a:

- **109.09% premium** to the last closing price of 5.5 cents of Gondwana Shares on 30 April 2014 being the last day of trading before Ochre announced its bid for Gondwana;
- **74.51% premium** to the volume weighted average price of Gondwana shares traded on the ASX over the 30 trading days prior to and including 30 April 2014 being the last day of trading before Ochre announced its bid for Gondwana of 6.59 cents per share;
- **85.19% premium** to the volume weighted average price of Gondwana shares traded on the ASX over the 60 trading days prior to and including 30 April 2014 being the last day of trading before Ochre announced its bid for Gondwana of 6.21 cents per share.

Ochre considers that it is likely the volume weighted average price for the 30 trading days prior to 30 April 2014, being the last day of trading before Ochre announced its bid for Gondwana, is higher than it otherwise would have been due to the acquisitions by Ochre during that period. During that 30 day trading period Ochre and Joffrey Pty Ltd (another wholly owned subsidiary of Ochre Group Holdings Limited) acquired a total of 2,540,606 shares out of a total of 4,692,803 shares traded on market during that period representing 54.14% of the volume of trading during that period.

OCHRE'S OFFER IS SCHEDULED TO CLOSE AT 5.00PM (AWST) ON 1 SEPTEMBER 2014 (UNLESS EXTENDED). OCHRE RECOMMENDS GONDWANA SHAREHOLDERS NOW ACCEPT OCHRE'S COMPELLING OFFER.

4. Takeover Panel's Declaration of Unacceptable Circumstances

In Gondwana Resources Limited 01, and now in subsequent proceedings - Gondwana Resources Limited 02, the Takeovers Panel has declared unacceptable circumstances in respect of the conduct of affairs of Gondwana by the Gondwana directors.

The Takeovers Panel has determined that should Gondwana proceed with its latest entitlement issue it would constitute frustrating action and should be approved by shareholders and the notice of Annual General Meeting issued by the Gondwana directors was incomplete and *'shareholders had not been given enough information to enable them to understand and assess the control impact of the resolutions and the merits of the resolutions compared with the entitlement issue and Ochre Industries' bid.'*

The Takeovers Panel ordered, amongst other things, that:

- (a) the entitlement issue be subject to shareholder approval; and
- (b) any issue of shares, options or convertible notes by Gondwana pursuant to the resolutions passed at its annual general meeting be subject to shareholder approval if they are to be issued during Ochre Industries' bid (this order has effect for a maximum of 3 months after the date of the orders).

If Gondwana proceeds to obtain shareholder approval in relation to the entitlement issue or an issue of securities, Ochre reserves its rights to rely on the bid condition in paragraph 11.28(e) of the Bidder's Statement (if the bid is still open for acceptances at that time) in respect of any shares, options or convertible notes issued, or agreed to be issued including in respect of the latest entitlement issue (if approved by shareholders).

5. Maximum funding obligation

Having regard to Ochre's increased offer price of **11.5 cents per share**, the maximum amount of cash that Ochre would be required to pay under the Offer, is the aggregate of the amounts set out below, as follows:

- (a) \$2,362,282.16 - all Gondwana Shares on issue at the date of this Bidder's Statement (other than those Gondwana Shares in which Ochre currently has a relevant interest); plus
- (b) \$471,500 - all Gondwana Shares which could be issued if the holders of all Gondwana Options currently on issue exercised those options,

would total approximately **\$2,833.782.16 (Maximum Consideration Amount)**.

6. Source of funding

Ochre Group Holdings Limited (ASX code: OGH) (**OGH**) will provide funds to Ochre for it to meet its obligations under the Offer upon demand by Ochre. Funding will be provided by OGH pursuant to an intercompany loan agreement dated 19 June 2014 by advancing a loan to Ochre on an unsecured basis and with no demand for repayment of the funds during the period in which Ochre has an outstanding obligation to make payment in respect of the Maximum Consideration Amount.

OGH's loan to Ochre is supported by a loan from Nathan Featherby. Mr Featherby is a director of OGH and Ochre and accordingly, is a related party of OGH. OGH's directors, apart from Mr Featherby, approved OGH's entry into the loan agreement on 9 May 2014 (**Loan Agreement**) on the basis that the terms of the loan are on, or are more favourable to Ochre than, arm's length terms.

The Ochre directors are satisfied that Mr Featherby has sufficient financial capacity to enable draw down by OGH, and in turn, Ochre, as and when required. OGH and Ochre have obtained a revised certificate from the accountants Crowe Horwath (NZ) Limited, which states that Mr Featherby has sufficient financial capacity to meet any draw down notices issued by OGH under the Loan Agreement.

On the basis of the arrangements described above, Ochre believes that it has reasonable grounds for holding the view, and holds the view, that it will be able to provide the consideration offered under the Offer. Ochre has not otherwise withheld any cash reserves for payment of the consideration under the Offer.

7. Consent

Crowe Howarth (NZ) Limited has given, and not withdrawn before the date of this Second Supplementary Bidder's Statement, its consent to be named in this Second Supplementary Bidder's Statement, and to the inclusion of statements made by, or statements stated in the Second Supplementary Bidder's Statement to be based on statements made by Crowe Howarth (NZ) Limited, in the form and context in which they appear in the Second Supplementary Bidder's Statement.

8. Authorisation

This Second Supplementary Bidder's Statement has been approved by a resolution passed by the directors of Ochre Industries Pty Ltd. The directors unanimously voted in favour of that resolution.

DATED: 18 August 2014

APPROVED by resolution passed by directors of Ochre Industries Pty Limited on 18 August 2014.