



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

If you have any questions in relation to this Target's Statement, you should call the ABML Shareholder information line on 1800 992 481 (within Australia) or +61 1800 992 481 (from outside Australia) on weekdays between 8.30 am and 7.30 pm (Sydney time).

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with this document, you should consult your financial, legal or other professional adviser immediately.

This Target's Statement has been issued in response to the offer by Metals X Limited ACN 110 150 055 to acquire all of your ordinary shares in ABML.

## **TARGET'S STATEMENT**

The Directors of ABML  
unanimously recommend that you

# **REJECT**

the **HIGHLY CONDITIONAL** and  
**INADEQUATE Offer.**

Financial adviser

MOELIS & COMPANY

Legal adviser

ashurst



## Important Notices

### Nature of this document

This Target's Statement is dated 13 November 2015. This document is issued by Aditya Birla Minerals Limited ACN 103 515 037 under Part 6.5 of the Corporations Act in response to the offer by Metals X Limited ACN 110 150 055 to acquire all of your ordinary shares in ABML made pursuant to the Bidder's Statement dated 15 October 2015 issued by Metals X.

### ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC on 13 November 2015 and provided to ASX on 13 November 2015. Neither ASIC nor ASX, nor any of their respective officers, take any responsibility for the contents of this Target's Statement.

### Defined terms

A number of defined terms are used in this Target's Statement. These terms are defined in Section 11 of the Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

### No account of personal circumstances

ABML Shareholders should make their own independent assessment in relation to the recommendation of the Board contained in this Target's Statement. This Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of any ABML Shareholder. It does not contain personal investment or financial advice. You should seek independent investment, financial and taxation advice before making a decision as to whether or not to accept the Offer.

### Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement, other than statements of historical facts,

may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of ABML, its Directors, officers and employees, any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on any forward looking statement.

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

### Disclaimer as to information

The information about Metals X contained in this Target's Statement has been prepared by ABML from publicly available information. Information in this Target's Statement about Metals X has not been independently verified by ABML. Accordingly ABML does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

### Risk factors

ABML Shareholders should note that there are a number of risk factors attached to their investment in ABML. Section 7 of this Target's Statement sets out further information on those risks.

### Maps and diagrams

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

### Foreign jurisdiction

The release, publication or distribution of this Target's Statement in jurisdictions outside Australia may be restricted by law and any person who comes into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

### Privacy

ABML has collected your information from the register of ABML Shareholders for the purposes of providing you with this Target's Statement. The type of information ABML has collected about you includes your name, contact details and information on your shareholdings in ABML. Without this information, ABML would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the names and addresses of ABML Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to ABML and its related bodies corporate, and holders of ABML Shares and external service providers, and may be required to be disclosed to regulators, such as ASIC. If you would like details of information about you held by ABML, please contact us using the contact details shown below.

### Shareholder information line

If you have any questions in relation to this Target's Statement, please contact the Shareholder information line on 1800 992 481 (within Australia) or +61 1800 992 481 (from outside Australia) on weekdays between 8.30 am and 7.30 pm (Sydney time). Further information relating to the Offer can be obtained from ABML's website at <http://www.adityabirlaminerals.com.au>.

## Key Dates

|                                                                          |                                   |
|--------------------------------------------------------------------------|-----------------------------------|
| Announcement of the Offer                                                | 15 October 2015                   |
| Commencement of Offer Period                                             | 30 October 2015                   |
| Date of this Target's Statement                                          | 13 November 2015                  |
| Date for Metals X to provide Notice of Status of Conditions <sup>1</sup> | 5.00pm (AWST) on 23 November 2015 |
| Close of the Offer Period (unless extended or withdrawn)                 | 5.00pm (AWST) on 30 November 2015 |

1. If the Offer Period is extended, this date will be taken to be postponed for the same period.

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### Annexure A

Offer Conditions

### Annexure B

ABML ASX announcements since 21 September 2015

# WHY YOU SHOULD REJECT THE OFFER:

This summary of the key reasons why you should **REJECT** the Offer is a general overview only, and should be read together with the detailed information set out in the balance of this Target's Statement, and particularly in Section 1.

1

## **The Offer materially undervalues your ABML Shares**

The Board believes the Offer is materially inadequate and fails to recognise the value of ABML's producing Nifty mine and portfolio of exploration copper assets.

ABML also represents substantial strategic value to Metals X and other potential interested parties.

2

## **The Offer is highly conditional and therefore uncertain**

The Offer is subject to numerous conditions, some of which cannot be fulfilled or may not be fulfilled, making it highly uncertain whether the Offer will ever become unconditional.

3

## **Hindalco has stated that it will not be accepting the Offer, and therefore control cannot pass to Metals X**

ABML's 51% shareholder, Hindalco, has notified ABML that it will not be accepting the Offer in respect of the ABML Shares that it holds. The Offer has a 90% minimum acceptance condition, which cannot be satisfied if Hindalco does not accept the Offer.

4

## **ABML is undertaking a Strategic Review with a specific focus on maximising value for all ABML Shareholders**

ABML has, prior to receipt of the Offer, appointed Moelis as its financial adviser to assist with undertaking a Strategic Review to consider all options, including the sale of ABML. Accepting the Offer may deprive you of the opportunity to accept a Superior Proposal should one emerge from the Strategic Review.

**To REJECT the Offer, you should TAKE NO ACTION in relation to all correspondence sent to you by Metals X.**

# LETTER FROM THE BOARD OF DIRECTORS

13 November 2015

Dear Shareholder

## Take **NO ACTION** and **REJECT** the Metals X offer for your ABML shares

On 15 October 2015 Metals X Limited announced a conditional, unsolicited offer to acquire all of the shares in Aditya Birla Minerals Limited. Metals X is offering one Metals X Share for every five ABML Shares.

Your Board has carefully considered the Offer and for the reasons set out below, your Directors:

- consider that Metals X's Offer is **HIGHLY CONDITIONAL** and **INADEQUATE**; and
- unanimously recommend that you **REJECT** that Offer,

because:

- the Offer materially undervalues your ABML Shares;
- the Offer is highly conditional and therefore uncertain;
- Hindalco, which holds 51% of ABML Shares on issue, has stated that it will not be accepting the Offer, and therefore control cannot pass to Metals X; and
- ABML is undertaking a Strategic Review with a specific focus on maximising value for all ABML Shareholders.

ABML appointed Moelis as its financial adviser on 7 October 2015 to assist with the Strategic Review. The Strategic Review has commenced and potential interested parties are being approached and invited into a competitive process aimed at achieving maximum value for all ABML Shareholders. The Strategic Review (including consideration of capital management initiatives) is expected to conclude in the March quarter of 2016, but that will depend on a number of factors (including, but not limited to, prevailing market conditions and unforeseen circumstances).

Metals X has been invited to participate in the Strategic Review process, alongside other interested parties.

Hindalco has reiterated its support for the Strategic Review.

The Strategic Review represents the second stage of the review process undertaken by ABML of its assets and operations, which commenced in early 2015. The first stage resulted in the successful sale of Mt Gordon (which completed on 27 October 2015).

Your Board believes it is possible that a Superior Proposal will emerge from the Strategic Review. By **REJECTING** the Offer you will ensure that you do not deprive yourself of the opportunity to accept a Superior Proposal.

The Board considers that there is significant value in ABML's portfolio of assets, providing potential interested parties with numerous strategic benefits. These strategic benefits have been recognised by Metals X's interest in ABML, however they are not reflected in the value of the Offer Consideration. ABML has a predictable working capital cycle with shipments of copper concentrate every two months and its operations going forward support the capital expenditure guidance previously disclosed to the market.

Your Board's reasons for recommending that you **REJECT** the Offer are set out in more detail in this Target's Statement.

We strongly encourage you to read all the information contained in this Target's Statement carefully and to seek independent advice.

To **REJECT** the Offer you should simply **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by Metals X.

If you have any questions in relation to this Target's Statement, please contact the Shareholder information line on 1800 992 481 (within Australia) or +61 1800 992 481 (from outside Australia).

Yours sincerely

The Board of Directors  
Aditya Birla Minerals Limited

# **1. WHY YOU SHOULD REJECT THE OFFER**



## 1.1 The Offer materially undervalues your ABML Shares

### (a) The Metals X offer implies a low enterprise value for ABML

Metals X is offering one Metals X share for every five ABML Shares. This implies a value of \$0.235 per ABML Share, based on the closing price of Metals X Shares on 10 November 2015 (being the Last Practical Trading Day).

Based on the current number of ABML Shares outstanding, the Offer implies a total ABML equity value of \$73.6 million.

ABML's net cash position as at 27 October 2015 is approximately \$71.8 million, as set out in the table below:

| Net cash at 27 October 2015 <sup>1</sup> | \$ million |
|------------------------------------------|------------|
| Unencumbered cash and cash equivalent    | 72.4       |
| (-) Borrowings                           | (0.7)      |
| Net cash                                 | 71.8       |

Therefore, the enterprise value for ABML implied by the Offer is only \$1.9 million.

ABML has a predictable working capital cycle over a two month cycle in accordance with scheduled shipments of copper concentrate. Over this cycle, the ABML cash balance fluctuates with the time lag between the cash outlaid on operating expenditure and realisation of cash from sale of copper concentrate.

ABML has previously provided capital expenditure guidance of \$12 – 17 million for FY2016. The Board affirms this capital expenditure guidance and is confident that ongoing capex requirements will be supported by operations going forward.

Therefore, even before consideration of the substantial strategic value of ABML to Metals X, the Board believes the Offer materially undervalues ABML's producing Nifty mine and portfolio of exploration copper assets.

As at the time this Target's Statement was sent to print, the Board was in the process of finalising half-yearly financial statements for ABML and having its auditors complete their review work. As part of this process, ABML has recently announced a number of impairments to the value of its assets. The Board has considered these impairments and determined that they do not change the Board's opinion that the Offer materially undervalues ABML.

### (b) The Offer Consideration does not reflect the strategic value that ABML represents to Metals X and other potential interested parties

Metals X refers to the strategic value of ABML in its Bidder's Statement (see the announcement that forms Annexure B to the Bidder's Statement):

*"Metals X believes ABML and the underperforming Nifty Mine is an ideal opportunity in the right location, right commodity and right time in the cycle, and provides a logical next step in the growth profile of Metals X."*

The acquisition of ABML would be of strategic value to Metals X and other potential interested parties, as it would provide them with:

- (i) a copper mining operation with significant production capability;
- (ii) versatile processing operations and existing infrastructure;
- (iii) ability to reduce costs;
- (iv) the life of mine Nifty Concentrate Offtake Agreement in place on arm's length terms;
- (v) promising exploration assets in surrounding areas; and
- (vi) an exploration project at Maroochydore.

<sup>1</sup> Net cash excludes an amount of \$8.1 million held in security deposits with a bank.

### **(c) The market price of ABML Shares prior to announcement of the Offer is not a reliable indicator of the value of ABML**

The Board believes that the absence of a liquid and active market for ABML Shares means that the trading price of ABML Shares prior to announcement of the Offer is not reflective of the fair value of ABML Shares.

The trading price of ABML Shares is affected by the relatively low liquidity of ABML Shares, arising from limited free float as a result of ABML's relatively concentrated register, including a 51% shareholder in Hindalco. As at 30 October 2015, the top 20 ABML Shareholders represented approximately 86% of the issued capital of ABML.

The lack of an active market has resulted in low liquidity in ABML Shares. The total volume of ABML Shares which traded in the 12 months prior to announcement of the Offer, as a percentage of total ABML Shares on issue, was only approximately 10%.

This low liquidity results in the trading price of ABML Shares not being a reliable indicator of the value of ABML.

Metals X acknowledges the low liquidity in ABML Shares in its Bidder's Statement:

*"The market for ABML Shares is very thinly traded with low volumes on both sides."*

Metals X makes several references to the implied premium of the Offer to market prices, including as a reason as to why ABML Shareholders should accept its offer.

The absence of a liquid and active market for ABML Shares means that the trading price of ABML Shares prior to announcement of the Offer does not, in the opinion of the Board, adequately reflect the underlying value of ABML and its assets.

## **1.2 The Offer is highly conditional and therefore uncertain**

The Offer is highly conditional (being summarised below and summarised in Annexure A). As a result, it is highly uncertain whether the Offer will ever become unconditional.

A number of the Offer Conditions cannot be fulfilled or may not be fulfilled and the satisfaction of a number of other Offer Conditions is wholly or partly outside of ABML's control.

By way of summary, some of the key Offer Conditions include:

- (a) Metals X obtaining acceptances in relation to a minimum of 90% of ABML Shares under the Offer (which would allow Metals X to proceed to compulsory acquisition of the remainder of the ABML Shares);
- (b) none of the following occurrences persisting for three or more consecutive days between the Announcement Date and the end of the Offer Period:
  - (i) the S&P ASX 200 Index falling below 4500;
  - (ii) Metals X Share price falling below \$1.10;
  - (iii) ABML Share price falling below \$0.10;
  - (iv) the spot gold price falling below \$1,250;
  - (v) the copper price falling below \$6,000;
- (c) ABML disclosing the terms of the Nifty Concentrate Offtake Agreement to Metals X, providing written confirmation of certain terms, and, if required by Metals X, an independent expert confirming that the terms conform to certain statements made previously by ABML to ASX, particularly that the terms are arm's length and consistent with industry practice and commerciality;
- (d) ABML providing access to Metals X to any data room it establishes for the sale process it announced on 7 October 2015;
- (e) no material adverse change occurring in relation to ABML before the end of the Offer Period;
- (f) no prohibition notices are put in place or become known which jeopardise the ability of the Nifty underground mine and/or concentrator to operate and ABML disclosing all prior notices and material communications with Government Authorities following the sinkhole incident which occurred at Nifty in March 2014;
- (g) no untrue statements having been made by ABML before the Announcement Date;



- (h) certain conduct of business restrictions in relation to ABML during the Offer Period;
- (i) ABML not dealing with any of its tenements before the end of the Offer Period and not ensuring the tenements are kept in good standing;
- (j) no natural disasters affecting ABML before the end of the Offer Period;
- (k) no litigation being on foot or pending in relation to ABML before the end of the Offer Period;
- (l) no regulatory action being taken in consequence of, or in connection with, the Offer before the end of the Offer Period;
- (m) no “prescribed occurrences” occurring in relation to ABML before the end of the Offer Period; and
- (n) Metals X applying for admission to quotation of the Metals X Shares to be issued under the Offer within seven days after the date on which the Bidder’s Statement was given to ABML, and permission for admission to quotation being granted no later than seven days after the end of the Offer Period.

If any of the Offer Conditions are not fulfilled or waived (if capable of being waived), the Offer will lapse and you will retain your ABML Shares, even if you have accepted the Offer.

As at the date of this Target’s Statement, only 2 of the Offer Conditions have been fulfilled.

### **1.3 Hindalco has stated that it will not be accepting the Offer, and therefore control cannot pass to Metals X**

ABML’s major shareholder, Hindalco, has notified ABML that it will not be accepting the Offer in respect of the ABML Shares that it owns or controls. As at the date of this Target’s Statement, Hindalco holds approximately 51% of the ABML Shares on issue.

The Offer is subject to a 90% minimum acceptance condition. Hindalco’s intention statement means that the minimum acceptance condition cannot be satisfied and that control cannot pass to Metals X.

### **1.4 ABML is undertaking a Strategic Review with a specific focus on maximising value for all ABML Shareholders**

On 7 October 2015, ABML announced the appointment of Moelis as its financial adviser to assist with a Strategic Review with a specific focus on maximising value for all ABML Shareholders. As part of the Strategic Review all options will be considered, including the sale of ABML.

The Board believes it is possible that a Superior Proposal will emerge as part of the Strategic Review.

Accepting the Offer will deprive you of the opportunity to accept any potential Superior Proposal should one emerge as part of the Strategic Review.

The Strategic Review has commenced and interested parties are being approached to participate in the process. Information flyers and confidentiality agreements have been distributed to interested parties starting the week commencing 2 November 2015.

Metals X has been invited to participate in the Strategic Review process, together with other interested parties. However, as at the Last Practical Trading Day, Metals X has not executed the confidentiality agreement necessary to gain access to any confidential information provided in the data room.

The Strategic Review (including consideration of capital management initiatives) is expected to conclude in the March quarter of 2016, but that will depend on a number of factors (including, but not limited to, prevailing market conditions and unforeseen circumstances).

## **2. ABML DIRECTORS' RECOMMENDATION AND INFORMATION**

## 2.1 Directors' recommendations

After considering the matters in this Target's Statement and in the Bidder's Statement, each of your Directors recommends that you **REJECT** the Offer.

The reasons for the Directors' recommendation are set out in Section 1 of this Target's Statement.

In considering whether or not to accept the Offer, the Directors encourage you to:

- (a) read this Target's Statement and the Bidder's Statement in their entirety;
- (b) consider your individual circumstances, risk profile, investment strategy, tax consequences and financial position;
- (c) consider the options available to you as outlined in Section 4 of this Target's Statement; and
- (d) obtain advice from your financial, accounting, legal or other professional adviser on the Offer and how it will affect your individual circumstances.

## 2.2 Interests and dealings of Directors in ABML securities

- (a) As at the date immediately before the date of this Target's Statement, no Director had a relevant interest in any ABML Shares.
- (b) In addition, no Director has acquired or disposed of a relevant interest in any ABML securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

## 2.3 Interests and dealings of Directors in Metals X securities

- (a) As at the date immediately before the date of this Target's Statement, no Director had a relevant interest in any Metals X securities.
- (b) No Director has acquired or disposed of a relevant interest in any Metals X securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

## 2.4 Benefits and agreements

- (a) Benefits to Directors
  - (i) As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the Board, managerial office or related body corporate of ABML.
  - (ii) No Director has agreed to receive, or is entitled to receive, any benefit from Metals X which is related to or conditional on the Offer.
- (b) Agreements in connection with or conditional on the Offer

No agreement has been made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer.
- (c) Interests in contracts with Metals X

No Director has any interest in any contract entered into by Metals X.

# **3. FREQUENTLY ASKED QUESTIONS**

This Section 3 answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for ABML Shareholders. This Section 3 should be read together with all other parts of this Target's Statement.

| No. | Question                                                       | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  | Who is making the Offer?                                       | Metals X is the company making the Offer. Information in relation to Metals X can be obtained in Section 8 of this Target's Statement and from the Bidder's Statement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2.  | What is Metals X offering for my ABML Shares?                  | The consideration under the Offer is one Metals X share for every five ABML Shares (unless you are a Foreign Shareholder or an Unmarketable Parcel Shareholder).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 3.  | What is the Bidder's Statement?                                | The Bidder's Statement is the document prepared by Metals X which sets out the terms of the Offer, as required by the Corporations Act. Metals X lodged its Bidder's Statement with ASIC on 15 October 2015. All ABML Shareholders should have recently received a copy of the Bidder's Statement in the post.                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 4.  | What is this Target's Statement?                               | This Target's Statement is the formal response by the Board of ABML to the Offer, as required by the Corporations Act. This document has been prepared by ABML and contains important information on the basis of which you may make your decision whether or not to accept the Offer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 5.  | What options do I have as an ABML Shareholder?                 | <p>As an ABML Shareholder, you have the following options in respect of your ABML Shares:</p> <ul style="list-style-type: none"> <li>• <b>REJECT</b> the Offer by doing nothing. The Directors recommend that you <b>REJECT</b> the Offer;</li> <li>• sell all or some of your ABML Shares on ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or</li> <li>• accept the Offer.</li> </ul> <p>There are implications in relation to each of the above options. A summary of these implications is set out in Section 4 of this Target's Statement.</p> <p>You should seek legal, financial or taxation advice from your professional adviser regarding the action that you should take in relation to the Offer.</p> |
| 6.  | What are your Directors recommending?                          | <p>Your Directors unanimously recommend that you <b>REJECT</b> the Offer.</p> <p>The reasons for your Directors' recommendation are set out in Section 1 of this Target's Statement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 7.  | What are the intentions of Hindalco, ABML's major shareholder? | ABML's major shareholder, Hindalco, has notified ABML that it will not be accepting the Offer. As at the date of this Target's Statement, Hindalco holds approximately 51% of the ABML Shares on issue.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 8.  | Why should I <b>REJECT</b> the Offer?                          | <p>You should <b>REJECT</b> the <b>HIGHLY CONDITIONAL</b> and <b>INADEQUATE</b> Offer for the following key reasons:</p> <ul style="list-style-type: none"> <li>• the Offer materially undervalues your ABML Shares;</li> <li>• the Offer is highly conditional and therefore uncertain;</li> <li>• Hindalco has stated that it will not be accepting the Offer, and therefore control cannot pass to Metals X; and</li> <li>• ABML is undertaking a Strategic Review with a specific focus on maximising value for all ABML Shareholders.</li> </ul> <p>See Section 1 of this Target's Statement for further details of why you should <b>REJECT</b> the Offer.</p>                                                                                                       |

| No. | Question                                                                            | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9.  | How do I <b>REJECT</b> the Offer?                                                   | <p>To <b>REJECT</b> the Offer, you should <b>do nothing</b>.</p> <p>You should <b>take no action</b> in relation to all correspondence from Metals X in relation to the Offer for your ABML Shares.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 10. | Can I sell my ABML Shares on ASX?                                                   | <p>Yes. During the Offer period, you may sell your ABML Shares on ASX for cash (less brokerage) provided you have not accepted the Offer for those ABML Shares. The implications of selling your ABML Shares on market are set out in Section 4.2 of the Target's Statement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 11. | What are the consequences of accepting the Offer now, while it remains conditional? | <p>If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your ABML Shares or otherwise deal with your ABML Shares while the Offer remains open.</p> <p>Metals X is offering one Metals X share for every five ABML Shares. This implies a value of \$0.235 per ABML Share, based on the closing price of Metals X Shares on 10 November 2015 (being the Last Practical Trading Day).</p> <p>While the Offer remains conditional (ie subject to the Offer Conditions), you will not be paid consideration under the Offer. You should take into account the possibility that there may be a delay in certain conditions being satisfied or even that a condition may not be satisfied or waived.</p> |
| 12. | If I accept the Offer, can I withdraw my acceptance?                                | <p>You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act.</p> <p>A withdrawal right will arise if, after you have accepted the Offer, Metals X varies the Offer in a way that postpones for more than one month the time that Metals X has to meet its obligations under the Offer (for example, if Metals X extends the Offer Period for more than one month while the Offer remains subject to any of the Offer Conditions).</p> <p>You may withdraw your acceptance if Metals X varies the Offer in a way that postpones the time when Metals X is required to satisfy its obligations by more than one month.</p>                                                                                      |
| 13. | What are the consequences of the Offer becoming unconditional?                      | <p>If you accept the Offer after the Offer becomes unconditional or the Offer becomes unconditional after you have accepted, you will be entitled to receive the consideration paid under the Offer. Metals X will be entitled to attend meetings of ABML and vote on behalf of those ABML Shareholders who have accepted the Offer, including in order to defeat resolutions relating to competing offers which may adversely affect the success of the Offer.</p>                                                                                                                                                                                                                                                                                            |
| 14. | What happens if Metals X increases the Offer Consideration?                         | <p>If Metals X increases the Offer Consideration, the Directors will carefully consider the revised offer and advise you accordingly.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 15. | When does the Offer close?                                                          | <p>The Offer is currently scheduled to close at 5.00 pm (AWST) on 30 November 2015, but the Offer Period can be extended in certain circumstances.</p> <p>See Section 5.6 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 16. | What if I am a Foreign Shareholder or an Unmarketable Parcel Shareholder?           | <p>If your address on ABML's register of members is in a jurisdiction other than Australia or India, you are still entitled to accept the Offer, however, you will not be entitled to receive Metals X Shares.</p> <p>Instead, the Metals X Shares will arrange for a share sale facility, more information in relation to which is set out in Section 9.10(d) of the Bidder's Statement.</p>                                                                                                                                                                                                                                                                                                                                                                  |



| No. | Question                       | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| 17. | What are the Offer Conditions? | <p>Metals X's Offer is subject to a number of conditions which are summarised in Annexure A of this Target's Statement. Some of the Offer Conditions are summarised as follows:</p> <ul style="list-style-type: none"> <li>• Metals X obtaining a minimum of 90% acceptances under the Offer (which would allow Metals X to proceed to compulsory acquisition of the remainder of the ABML Shares);</li> <li>• none of the following occurrences persisting for three or more consecutive days between the Announcement Date and the end of the Offer Period: <ul style="list-style-type: none"> <li>o the S&amp;P ASX 200 Index falling below 4500;</li> <li>o Metals X Share price falling below \$1.10;</li> <li>o ABML Share price falling below \$0.10;</li> <li>o the spot gold price falling below \$1,250;</li> <li>o the copper price falling below \$6,000;</li> </ul> </li> <li>• ABML disclosing the terms of the Nifty Concentrate Offtake Agreement to Metals X; and, if required by Metals X, an independent expert confirming that the terms conform to certain statements made previously by ABML to ASX, particularly that the terms are arm's length and consistent with industry practice and commerciality; and ABML providing written confirmation of certain terms relating to the Nifty Concentrate Offtake Agreement;</li> <li>• ABML providing access to Metals X to any data room it establishes for the sale process it announced on 8 October 2015;</li> <li>• no material adverse change occurring in relation to ABML before the end of the Offer Period;</li> <li>• no prohibition notices are put in place or become known which jeopardise the ability of the Nifty underground mine and/or concentrator to operate and ABML disclosing all prior notices and material communications with Government Agencies following the sinkhole incident which occurred at Nifty in March 2014;</li> <li>• no untrue statements having been made by ABML before the Announcement Date;</li> <li>• certain conduct of business restrictions in relation to ABML during the Offer Period;</li> <li>• ABML not dealing with any of its tenements before the end of the Offer Period and not ensuring the tenements are kept in good standing;</li> <li>• no natural disasters affecting ABML before the end of the Offer Period;</li> <li>• no litigation being on foot or pending in relation to ABML before the end of the Offer Period;</li> <li>• no regulatory action being taken in consequence of, or in connection with, the Offer before the end of the Offer Period;</li> <li>• no "prescribed occurrences" occurring in relation to ABML before the end of the Offer Period; and</li> <li>• Metals X applying for admission to quotation of the Metals X Shares to be issued under the Offer within seven days after the date on which the Bidder's Statement was given to ABML, and permission for admission to quotation being granted no later than seven days after the end of the Offer Period.</li> </ul> |

| No. | Question                                                           | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18. | What happens if the Offer Conditions are not satisfied or waived?  | If all of the Offer Conditions are not satisfied or waived by the end of the Offer Period, the Offer will lapse. You will then be free to deal with your ABML Shares even if you had accepted the Offer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 19. | What is the Strategic Review?                                      | <p>ABML has engaged Moelis as its financial adviser to assist with undertaking a Strategic Review of ABML with a specific focus on maximising value for all ABML Shareholders. As part of this review all options will be considered, including the sale of ABML.</p> <p>The Strategic Review has commenced and interested parties are being approached to participate in the competitive process. Information flyers and confidentiality agreements were distributed to interested parties starting from the week commencing 2 November 2015.</p> <p>The Strategic Review (including consideration of capital management initiatives) is expected to conclude in the March quarter of 2016, but that will depend on a number of factors (including, but not limited to, prevailing market conditions and unforeseen circumstances).</p>                                                                                                                                                                                                                                                                                                                      |
| 20. | When will I receive the Offer Consideration if I accept the Offer? | <p>You will not receive the Offer consideration until after the Offer becomes unconditional.</p> <p>If the Offer becomes unconditional, you will receive the Offer Consideration on or before the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after the date of your acceptance of the Offer, or if the Offer is subject to an Offer Condition when you accept the Offer, within one month after all of the Offer Conditions have been fulfilled or waived (whichever is later); and</li> <li>• 21 days after the end of the Offer Period (provided the Offer has become unconditional prior to the end of the Offer Period).</li> </ul> <p>However, there are certain exceptions to this timing, and Metals X has made specific reference to these exceptions in its Bidder's Statement.</p> <p>Metals X has stated that ABML Shareholders who are Foreign Shareholders and Unmarketable Parcel Shareholders will not be entitled to the Offer Consideration, and will instead participate in a share sale facility to be arranged by Metals X. For more information on this, refer to Section 9.10(d) of the Bidder's Statement.</p> |
| 21. | What are the tax implications of accepting the Offer?              | <p>A general outline of the tax implications of accepting the Offer is set out in Section 9 of this Target's Statement and Section 11 of the Bidder's Statement.</p> <p>These outlines are general in nature. You should consult your taxation adviser for detailed taxation advice in relation to your specific circumstances before making a decision as to whether or not to accept the Offer.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 22. | What happens if I do nothing?                                      | <p>You will remain an ABML Shareholder.</p> <p>If Metals X acquires 90% or more of ABML's Shares and the Offer becomes unconditional, Metals X has stated that it intends to compulsorily acquire the remaining ABML Shares. See Section 8.3 of the Bidder's Statement and Section 5.12 of this Target's Statement for more details.</p> <p>If Metals X acquires between 50.1% and 90.0% of ABML Shares and the Offer becomes unconditional, you will be a minority shareholder of ABML.</p> <p>However, as discussed in Section 1.3, Hindalco has notified ABML that it will not be accepting the Offer, in which case Metals X cannot acquire more than 49% of ABML Shares.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

| No. | Question                                                                              | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 23. | Can I be forced to sell my ABML Shares?                                               | <p>You cannot be forced to sell your ABML Shares unless Metals X acquires a relevant interest in at least 90% of all ABML Shares. If Metals X acquires a relevant interest in 90% or more of all ABML Shares, Metals X will be entitled to compulsorily acquire any ABML Shares it does not already own. However, as discussed in Section 1.3, Hindalco has notified ABML that it will not be accepting the Offer, in which case Metals X cannot acquire more than 49% of ABML Shares.</p> <p>If Metals X proceeds to compulsory acquisition, you will receive the same consideration for your ABML Shares that you would have received under the Offer.</p> <p>See Section 5.12 of this Target's Statement for more information.</p> |
| 24. | Is there a number that I can call if I have further queries in relation to the Offer? | <p>If you have any further questions in relation to this Target's Statement, please contact the Shareholder information line on 1800 992 481 (within Australia) or +61 1800 992 481 (from outside Australia) on weekdays between 8.30 am and 7.30 pm (Sydney time).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

# **4. YOUR OPTIONS AS AN ABML SHAREHOLDER**

As an ABML Shareholder, you have several options available to you in respect of the Offer. The ABML Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your ABML Shares.

Your Directors unanimously recommend that you **REJECT** the Offer.

## 4.1 Option 1 - REJECT the Offer

If you do not wish to accept the Offer and want to retain your ABML Shares, you should simply do nothing.

If you choose to reject the Offer, do not take any action in relation to documents sent to you by Metals X.

## 4.2 Option 2 - Sell your ABML Shares on ASX

ABML Shareholders remain free to sell their ABML Shares on ASX, provided they have not already accepted the Offer.

On 10 November 2015 (being the Last Practical Trading Day), the closing share price for ABML Shares on ASX was \$0.22<sup>1</sup>. The latest price for ABML Shares may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au).

If you sell your ABML Shares, you:

- (a) will lose your exposure to the future potential of ABML that may arise as a result of the Strategic Review;
- (b) will not receive the benefits of any potential higher offer from Metals X or any potential higher competing offer for your ABML Shares from a third party than has currently been made by Metals X;
- (c) may be liable for CGT on the sale; and
- (d) may incur a brokerage charge.

ABML Shareholders who wish to sell their ABML Shares on ASX should contact their broker for information on how to effect that sale. They should also contact their tax adviser to determine the tax implications for them from such a sale.

## 4.3 Option 3 - Accept the Offer

ABML Shareholders who accept the Offer:

- (a) will not receive the Offer consideration unless and until each of the Offer Conditions are satisfied or waived. You should be aware that there is a material risk that all of the conditions cannot be satisfied or indeed waived (see Section 5.4 of this Target's Statement for further details);
- (b) will not be able to withdraw their acceptance and sell their ABML Shares, meaning that they would not be able to accept a higher price from a competing bidder if such a bid eventuates, except in certain limited circumstances (see Section 5.9 of this Target's Statement); and
- (c) may be liable to pay CGT or income tax on the disposal of their ABML Shares which may have financial consequences for some ABML Shareholders (see Section 9 of this Target's Statement for further details of the potential tax and CGT consequences of the Offer).

ABML Shareholders who wish to accept the Offer should refer to the Bidder's Statement for instructions on how to do so.

<sup>1</sup> Share price trading data sourced from IRESS without its consent and included in this Target's Statement pursuant to ASIC Class Order [CO 07/429].

# **5. IMPORTANT INFORMATION ABOUT THE OFFER**

## 5.1 Offer Consideration

The Offer Consideration being offered by Metals X is one Metals X Share for every five ABML Shares.

Metals X has stated that ABML Shareholders who are Foreign Shareholders and Unmarketable Parcel Shareholders will not be entitled to the Offer Consideration, and will instead participate in a share sale facility to be arranged by Metals X. For more information on this, refer to Section 9.10(d) of the Bidder's Statement.

## 5.2 Offer Period

The Offer will be open for acceptance from 30 October 2015 until 5pm (AWST) on 30 November 2015, unless extended or withdrawn.

The circumstances in which Metals X may extend or withdraw the Offer are set out in Section 5.6 and Section 5.7 respectively of this Target's Statement.

## 5.3 Status of the Offer Conditions

The Offer is subject to a number of Offer Conditions listed in Section 9.2 of the Bidder's Statement and summarised in Annexure A to this Target's Statement. In particular, ABML Shareholders should note the following about certain of the Offer Conditions:

### (a) Offer Condition (a) - FIRB approval

The Offer was conditional on Metals X receiving FIRB approval. Metals X announced on 23 October 2015 that the FIRB approval Offer Condition had been satisfied.

### (b) Offer Condition (b) - Minimum acceptance

On 26 October 2015, ABML announced that Hindalco, ABML's 51% shareholder, has informed ABML that after evaluating the proposal, it will not be accepting the Offer. Therefore, the 90% minimum acceptance condition of the Metals X Offer is not capable of being satisfied<sup>1</sup>.

### (c) Offer Condition (h) - Disclosure - Nifty Concentrate Offtake Agreement

This Offer Condition required ABML to make available to Metals X the Nifty Concentrate Offtake Agreement, together with any supplementary material binding commitments relevant to the performance of the Nifty Concentrate Offtake Agreement.

The Board has determined not to provide a copy of the Nifty Concentrate Offtake Agreement to Metals X at this time. A summary of the terms of the off-take arrangements between Birla Nifty (a wholly owned subsidiary of ABML) and Hindalco is set out in ABML's prospectus, dated 21 April 2006. This summary remains a fair reflection of the arrangements that continue to apply. The most recent pricing terms for the Nifty Concentrate Offtake Agreement were disclosed by ABML in an ASX announcement on 11 February 2015, consistent with the annual pricing determination contemplated in the Nifty Concentrate Offtake Agreement.

### (d) Offer Condition (j) - Price Participation - Nifty Concentrate Offtake Agreement

This Offer Condition requested that ABML provide Metals X with some confirmations in relation to Price Participation under the Nifty Concentrate Offtake Agreement. As noted in Section 5.3(c) above in relation to Offer Condition (h), the most recent pricing terms for the Nifty Concentrate Offtake Agreement (including price participation) were disclosed by ABML in an ASX announcement on 11 February 2015, consistent with the annual pricing determination contemplated in the Nifty Concentrate Offtake Agreement. Accordingly, ABML does not intend to provide any confirmation to Metals X on an individual basis.

<sup>1</sup> Hindalco's intention was provided in writing on 23 October 2015 and it has given its consent for ABML to release it publicly.



### **(e) Offer Condition (k) - Data Room Access**

This Offer Condition requested that within three Business Days of ABML establishing or compiling a due diligence data room (whether in physical, virtual or electronic form) capable of access by any third party comprising due diligence material in connection with the Strategic Review process announced by ABML on 7 October 2015, ABML provides access to Metals X to that Data Room.

ABML has engaged Moelis as its financial adviser to assist with undertaking a Strategic Review. The Strategic Review has commenced, and interested parties are being approached to participate in the competitive process. Metals X has been invited to participate in the process alongside other interested parties. However, as at the time this Target's Statement was sent to print, Metals X has not executed the confidentiality agreement necessary to gain access to any confidential information provided in the data room.

### **(f) Offer Condition (l) - Sale of Mt Gordon**

This Offer Condition required ABML to complete the sale of the Mt Gordon assets, as set out in the Mt Gordon Sale Announcement dated 21 September 2015, by the end of the Offer Period. As announced on ASX on 28 October 2015, the sale of Mt Gordon has completed, and as such, this Offer Condition has now been satisfied.

### **(g) Offer Condition (p) - Nifty**

In relation to Nifty:

- (i) between the Announcement Date and the end of the Offer Period (each inclusive), there is no prohibition notice, interim order or other action taken by any Government Agency that is announced or becomes known to Metals X or ABML beyond matters disclosed by ABML prior to the Announcement Date, which adversely jeopardises, restrains, prohibits or impedes, or threatens to jeopardise, restrain, prohibit or impede, the ability of the Nifty underground mine and/or concentrator to operate; and
- (ii) ABML makes available to Metals X all information (including all prior notices and material communications) as at and from the Announcement Date until the end of the Offer Period (each inclusive) relating to any prohibition notice or interim order issued, conditions imposed, or other action taken by any Government Agency in connection with the operation of the Nifty underground mine and/or concentrator following the sinkhole incident which occurred at Nifty in March 2014.

## **5.4 Effect of non-satisfaction of Offer Conditions**

If any Offer Condition is unsatisfied (or has been triggered) and has not been waived, Metals X will have an option as to whether to proceed with the acquisition of ABML Shares under its Offer or allow its Offer to lapse with unsatisfied Offer Conditions. If the Offer lapses, all acceptances of the Offer will be void and of no effect.

## **5.5 Notice of Status of Offer Conditions**

Section 9.3(e) of the Bidder's Statement states that Metals X will give a Notice of Status of Offer Conditions to ASX and ABML on 23 November 2015. Metals X is required to set out in its Notice of Status of Offer Conditions:

- (a) whether the Offer is free of any or all of the Offer Conditions;
- (b) whether, so far as Metals X knows, any of the Offer Conditions have been fulfilled; and
- (c) Metals X's voting power in ABML at that time.

If the Offer Period is extended before the Notice of Status of Offer Conditions is to be given, the date for giving the Notice of Status of Offer Conditions will be taken to be postponed for the same period. In the event of such an extension, Metals X is required, as soon as practicable after the extension, to notify ASX and ABML of the new date for giving the Notice of Status of Offer Conditions.

If an Offer Condition is fulfilled during the Offer Period but before the date on which the Notice of Status of Offer Conditions is required to be given, Metals X must, as soon as practicable, give ASX and ABML a notice which states that a particular Offer Condition has been fulfilled.

## 5.6 Extension of Offer Period

Metals X may extend the Offer Period at any time before giving the Notice of Status of Offer Conditions while the Offer is subject to Offer Conditions. However, if the Offer is unconditional (that is, all the Offer Conditions are satisfied or waived), Metals X may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) Metals X improves the Offer Consideration; or
- (b) Metals X's voting power in ABML increases to more than 50%.

If either of these events occur, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

## 5.7 Withdrawal of Offer

Metals X may not withdraw the Offer if you have already accepted it. However, if the Offer Conditions have not been satisfied or waived at the end of the Offer Period (or, in the case of Offer Condition set out in Section 9.2(u) of the Bidder's Statement "Prescribed occurrences", not been satisfied by the end of the Offer Period or not been waived by the date that is three Business Days after the end of the Offer Period, inclusive), then all acceptances will be void. Before you accept the Offer, Metals X may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

## 5.8 Effect of acceptance

The effect of acceptance of the Offer is set out in Section 9.8 of the Bidder's Statement. You should read these provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your ABML Shares and the representations and warranties which you will be giving Metals X by accepting the Offer. In particular, accepting Metal X's Offer will prevent you from selling your ABML Shares during the Offer Period and if the Offer is declared or becomes unconditional, Metals X will be able to exercise the rights attaching to your ABML Shares.

## 5.9 Withdrawal of your acceptance

If you accept the Offer, you will only be able to withdraw your acceptance in limited circumstances.

You may only withdraw your acceptance of the Offer if Metals X varies the Offer in a way that postpones, for more than one month, the time when Metals X needs to meet its obligations under the Offer. This will occur if Metals X extends the Offer Period by more than one month and the Offer is still subject to Offer Conditions.

## 5.10 When you will receive the Offer Consideration

You will not receive the Offer Consideration until after the Offer becomes unconditional. If the Offer becomes unconditional, you will be paid the Offer Consideration on or before the earlier of:

- (a) one month after the later of your acceptance and the date the Offer becomes unconditional; or
- (b) 21 days after the end of the Offer Period.

See Section 9.10 of the Bidder's Statement for further details on when you will be paid the Offer Consideration by Metals X.

## 5.11 Effect of an improvement in the Offer Consideration

If Metals X improves the Offer Consideration, all ABML Shareholders, whether or not they have accepted the Offer before that improvement in Offer Consideration, will be entitled to the benefit of that improved Offer Consideration.

## 5.12 Compulsory acquisition

Metals X has stated in Section 8.3 of the Bidder's Statement that if it becomes entitled to proceed to compulsory acquisition in accordance with the Corporations Act, it intends to compulsorily acquire any outstanding ABML Shares.

The two types of compulsory acquisition under Chapter 6A of the Corporations Act are discussed below.

### (a) Compulsory acquisition following the Offer

Under Part 6A.1 of the Corporations Act, Metals X will be entitled to compulsorily acquire any outstanding ABML Shares for which it has not received acceptances on the same terms as the Offer if, during or at the end of, the Offer Period, Metals X (together with its associates):

- (i) has relevant interests in at least 90% (by number) of the ABML Shares; and
- (ii) has acquired at least 75% (by number) of the ABML Shares that Metals X offered to acquire under the Offer (whether the acquisitions happened under the Offer or otherwise).

If these thresholds are met, Metals X will have up to one month after the end of the Offer Period within which to give compulsory acquisition notices to ABML Shareholders who have not accepted the Offer. The consideration payable by ABML will be the Offer Consideration.

ABML Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant ABML Shareholders to establish to the satisfaction of a court that the terms of the Offer do not represent "fair value" for the ABML Shares.

### (b) General compulsory acquisition

Under Part 6A.2 of the Corporations Act, Metals X will be entitled to compulsorily acquire any outstanding ABML Shares, if Metals X (either alone or with a related body corporate) holds full beneficial interests in at least 90% of ABML Shares (by number) (ie if Metals X becomes a "90% holder").

If this threshold is met, Metals X will have six months after Metals X becomes a 90% holder within which to give compulsory acquisition notices to ABML Shareholders. The compulsory acquisition notices sent to ABML Shareholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give a "fair value" for the ABML Shares and the independent expert's reasons for forming that opinion.

If ABML Shareholders with at least 10% of ABML Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), Metals X may apply to the Court for approval of the acquisition of the ABML Shares covered by the notice.

## 5.13 Lapse of Offer

The Offer will lapse if the Offer Conditions are not waived or satisfied by the end of the Offer Period; in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not yet resulted in binding contracts are void. In that situation, you will be free to deal with your ABML Shares as you see fit.

# 6. INFORMATION RELATING TO ABML

## 6.1 Overview

ABML is an Australian based mining company with a focus on copper production and exploration located in Perth, Western Australia. ABML carries out copper mining and exploration activities at the Nifty and Maroochydore copper projects, both located in the Great Sandy Desert, WA. Previously, ABML owned the Mt Gordon copper operation located in the Mt Isa Block, Queensland. ABML completed the sale of Mt Gordon on 27 October 2015.

ABML was established in 2003 to acquire and produce copper in concentrate in Australia, acquiring the Nifty operation and adjacent exploration tenements in that year.

ABML was listed on ASX on 12 May 2006 (ASX code: ABY). ABML is presently 51% owned by Hindalco, a member of the Aditya Birla Group, which is one of India's largest industrial conglomerates and Asia's largest integrated aluminium producer and a major copper producer.

Over the period FY2012 to FY2014, Nifty produced an average of 47ktpa of copper contained in high quality concentrates at a C1 cash cost of \$2.54/lb.<sup>1</sup>

Copper concentrate is shipped from Port Hedland to Hindalco under the Nifty Concentrate Offtake Agreement, an arm's length life of mine offtake agreement.

Exploration potential exists in the areas immediately adjacent to the current operations.

## 6.2 Current operations

### (a) Nifty

The Nifty deposit is located in the richly mineralised Paterson province. Discovered in the 1970s by WMC Resources, open pit mining of the oxide orebody began in 1992 while underground sulphide operations commenced in 2005.

Operations comprise a developed, owner-operated underground mine with:

- long hole open stoping with paste filling mining method;
- underground primary crusher with 3km conveyor system to transport ore to the surface;
- mobile fleet (e.g. trucks, remote loaders, jumbos, and drill rigs etc);
- conventional 2.5mtpa automated flotation processing facility built in 2005 and paste plant and associated infrastructure including a tailing storage facility;
- processing plant currently operating on a campaign two weeks on / one week off basis;
- 21MW gas fired captive power plant with direct gas pipeline;
- 450 person mine camp with communication infrastructure;
- 2.1km long sealed airstrip supporting FIFO operation;
- SX-EW plant (capacity of 20ktpa cathode production), not currently in operation; and
- existing environmental approvals and easy access to Port Hedland.

### (b) Maroochydore

The Maroochydore project comprises a group of tenements located at the south-western margin of the Great Sandy Desert, 1,200km north east of Perth and 540km south east of Port Hedland. Maroochydore has associated copper oxide and sulphide deposits located 110km south east of Nifty.

## 6.3 Exploration - Nifty

The Nifty assets include extensive greenfield exploration tenements covering 3,131km<sup>2</sup>, parts of which are, as yet, largely unexplored, as well as the brownfield exploration potential (80km<sup>2</sup>) to connect nearby deposits (adjacent to the current mining area). While ABML's exploration activities have been put on hold temporarily, the Board considers that significant exploration potential exists.

<sup>1</sup> Average annual values over the period FY2012 to FY2014.

## 6.4 Strategic Review and objectives

ABML has engaged Moelis as its financial adviser to assist with a Strategic Review with the specific focus of maximising value for all ABML Shareholders. As part of the Strategic Review, all options will be considered, including the sale of ABML.

The Strategic Review has commenced and interested parties are being approached to participate in the competitive process. Information flyers and confidentiality agreements have been distributed to interested parties starting the week commencing 2 November 2015.

The Strategic Review (including consideration of capital management initiatives) is expected to conclude in the March quarter of 2016, but that will depend on a number of factors (including, but not limited to, prevailing market conditions and unforeseen circumstances).

## 6.5 Board and senior management

### (a) Mr Debu Bhattacharya (Non-Executive Chairman)

Mr Bhattacharya holds a Bachelor of Technology with Honours in Chemical Engineering. He heads the Aditya Birla Group's global metals business and is the Managing Director of Hindalco since 2 October 2003, the flagship company of Aditya Birla Group, a 2010 Forbes Asia "Fabulous 50" company.

He is also the Vice Chairman of Novelis Inc, the largest aluminium rolled products manufacturing company in the world, and a wholly owned subsidiary of Hindalco.

Prior to assuming charge as the Managing Director of Hindalco, Mr Bhattacharya was the Managing Director of Indo Gulf Corporation Limited. Mr Bhattacharya is also a director of Aditya Birla Management Corporation Limited, Birla Management Centre Services Limited, Dahej Harbour and Infrastructure Limited, another wholly owned subsidiary of Hindalco, Minerals and Minerals Limited, Aditya Birla Power Company Limited and Aditya Birla Science and Technology Company Limited.

Prior to joining the Aditya Birla Group, Mr Bhattacharya spent close to 30 years with Unilever, where he held several key responsibilities and worked in several key roles for its Indian and overseas operations. He led the chemical business of Unilever in India before moving to the Aditya Birla Group in 1998.

### (b) Mr Jagdish Chandra Laddha (Non-Executive Director)

Mr Laddha is a Chartered Accountant and has over three decades of experience, of which two and a half have been with the Aditya Birla Group.

Mr Laddha joined the Aditya Birla Group in 1991 as the Head of Finance and Commercial for Mangalore Refineries and Petrochemicals Ltd (MRPL) based at Mumbai/Mangalore and moved back to the Aditya Birla Group in 2004. Prior to this he held various roles at Hindustan Lever Ltd, Indian Rayon Corp Ltd, and National Rayon Corporation Ltd.

As Chief Financial Officer of MRPL, Mr Laddha led a successful financial restructuring which was the largest financial restructuring in corporate India at that time. As the head of the Management Services Division he steered a new direction to the function which resulted in the realisation of the synergies across the Group's businesses. He also effectively facilitated the Group wide Collaborate and Scale Higher initiative leading to substantial cost savings. Mr Laddha has served as internal consultant across the Aditya Birla Group in commercial areas.

Mr Laddha's experience extends across various industry sectors of viscose filament yarn, nylon tyre cord, heavy chemicals, aluminium, oil & gas to fertilisers and insulators. As a CEO of the insulators and fertilisers business of Aditya Birla Nuvo Ltd, Mr Laddha was responsible for providing direction and leadership to these businesses. He successfully held this position from June 2010 until October 2015. From October 2015, Mr Laddha is responsible for the entire copper business of Hindalco as Business Head.

### (c) Mr Mysore Prasanna (Independent Non-Executive Director)

Mr Prasanna holds a Bachelor of Science and a Master of Law. He commenced his career as an independent counsel and began his corporate career with General Insurance Corporation of India and worked for over 29 years with organisations including Alfa Laval, Brook Bond India Limited and Larsen & Toubro Limited. Mr Prasanna joined the Aditya Birla Group in 1998 as President, Corporate Legal Cell and was instrumental in establishing the Corporate Legal Cell for the Aditya Birla Group. Mr Prasanna retired from that position on 30 April 2010. He is currently an Independent Legal Consultant at Bangalore, India.

Mr Prasanna is an independent Director on the board of RSB Transmissions (I) Limited, Pune, India. He is on the Advisory Board of OPC Asset Solutions Pvt Limited, Mumbai and Economic Law Practices, a Mumbai based law firm. He is a director on the board of two Mauritius-based funds.

Mr Prasanna was the Chairman of the Legal Affairs Committee of Bombay Chamber and was the Co-Chairperson of the Legal Affairs Committee of Associated Chambers of Commerce and Industry of India. He is also an arbitrator and is on the Panel of Arbitrators maintained by:

- (i) The Singapore International Arbitration Centre;
- (ii) The Kuala Lumpur Regional Arbitration Centre; and
- (iii) The Nani Palkhivala Arbitration Centre, Chennai, India.

He is a Councillor on the Southern India User's Council of the London Court of International Arbitration (India). He is also the Vice-President (South) of International ADR Association, Kochi, India.

Mr Prasanna is the recipient of the "Best In House Counsel" award by Asia Law, Hong Kong in 2005 and 2007. In November 2006, he was conferred the prestigious "National Law Day" Award by the Honourable Prime Minister of India. In 2011, Mr Prasanna was conferred the award for outstanding achievement as a general counsel by International Financial Law Review – Asia Law. In March 2014, Mr Prasanna was conferred the Life Time Achievement Award for a General Counsel by Legal Era, a reputed law magazine. He is a member of the International Bar Association and is on the Editorial Board of India Business Law Journal & Asia IP Magazine both published from Hong Kong.

#### **(d) Dr Suresh Bhargava (Independent Non-Executive Director)**

Dr Bhargava holds the following qualifications:

- (i) Doctor of Philosophy (Applied Science): D.Sc (RU) & Fellow of Royal Australian Institute of Chemistry;
- (ii) Fellow of Australian Academy of Technological Sciences and Engineering (FTSE); and
- (iii) Foreign Fellow Indian National Academy of Engineers

Dr Bhargava is Professor and Chair of Industrial Chemistry at RMIT University. He is also Director of the Integrated Victorian XRD and Materials Characterisation Facility and the RMIT Vibrational Spectroscopy Facility, unique collaborative facilities established in alliance with other Victorian universities and major industry groups and with support from the Australian Research Council. He is also the Director of Centre of Advanced Materials and Industrial Chemistry, a Centre of research excellence at RMIT University, Melbourne.

Dr Bhargava has more than 22 years of experience working with many Australian resource companies on various aspects of mineralogy and hydrometallurgy and environmental issues including technology development. He has worked on various projects with Alcoa, BHP Billiton, Mobile Exxon and Rio Tinto. Among many distinguished awards and achievements throughout his career, Dr Bhargava has received the 2006 Vice-Chancellor's highest Award for Research Excellence, R K Murphy Award - the most coveted industrial chemistry award in Australia presented by the Royal Australian Chemical Institute. Recently he has been elected as a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE). In 2013, he was awarded one of the most prestigious awards "Applied Science Award" of Royal Australian Chemical Institute.

#### **(e) Mr Maurice Anghie (Independent Non-Executive Director)**

Mr Anghie holds the following qualifications:

- (i) Bachelor of Business;
- (ii) Fellow Chartered Accountant;
- (iii) Fellow Certified Practising Accountant; and
- (iv) Member of the Australian Institute of Company Directors.

Mr Anghie is an experienced, qualified professional possessing a range of commercial and financial skills. Having worked extensively in the listed corporate environment, he possesses legal, regulatory and governance expertise. He has been an Audit and Corporate Finance Partner in many Chartered Accounting Firms for many years. He is currently an Independent Corporate consultant and a non-executive director of Wollongong Coal Ltd (formerly known as Gujarat NRE Coking Coal Ltd) from 11 May 2007.

#### **(f) Mr Narayan Krishnan (Independent Non-Executive Director)**

Mr Krishnan holds the following qualifications:

- (i) Master of Science – Geoscience;
- (ii) Bachelor of Technology – Metallurgy (First Class); and
- (iii) Member of the Australasian Institute of Mining and Metallurgy.

Mr Krishnan has amassed an extensive industrial career spanning a period of over 37 years in the field of non ferrous extractive metallurgy including operations management, technical development and process design. He has worked in various capacities during his career at MIM Holdings, Pasminco and more recently as the group advisor metallurgy at WMC Resources Ltd, where the role included operations review, operations support, strategy input, technical advice to copper, nickel and fertiliser business and the management of external research projects.

Mr Krishnan established a private technical consultancy firm, OM Metals Trust Pty Ltd, in 2004 and has been involved in providing high level technical advice and strategy input to large mining companies.

#### **(g) Mr Neela Madhab Patnaik (Chief Executive Officer and Managing Director)**

Mr Patnaik holds a:

- (i) Bachelor of Commerce;
- (ii) Fellow Chartered Accountant;
- (iii) Associate Company Secretary;
- (iv) Post Graduate Diploma in Management; and
- (v) Bachelor of Law.

Mr Patnaik has held various roles within the Aditya Birla Group ranging from Finance and Commercial Head of the Copper Smelting operations, Head of Copper Concentrate procurement cell and subsequently Head of the Central Procurement Cell for Hindalco (total purchases of US\$4 billion per year). Mr Patnaik has demonstrated a consistent proactive performance during his tenure at Hindalco. Mr Patnaik has developed relationships in a multicultural and multi geographic context which he has leveraged very effectively with Global Copper Miners and Traders in his concentrate procurement roles.

Before joining the Aditya Birla Group, Mr Patnaik has worked in the Steel conglomerates like Steel Authority of India, Mittal Steel in Philippines and Jindal Steel in India.

#### **(h) Mr Peter Patrick Torre (Company Secretary)**

Mr Torre is the principal of the corporate advisory firm, Torre Corporate, which provides corporate secretarial services to a range of listed companies. Prior to establishing Torre Corporate, Mr Torre was a partner and Chairman of the National Corporate Services Committee of an internationally affiliated firm of Chartered Accountants working within its corporate services division for over nine years. Mr Torre is the company secretary of several ASX-listed companies and a director of Mineral Commodities Ltd and is one of the founding directors of the charity organisation, "A Better Life Foundation WA".

Mr Torre holds a Bachelor of Business, is a Chartered Accountant, a Chartered Secretary and is a member of the Institute of Company Directors.



# 7. RISK FACTORS

In considering this Target's Statement and the Offer, ABML Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of ABML. Some of the risks can be adequately mitigated by the use of safeguards and appropriate systems, but many are beyond the control of ABML and its Directors and cannot be mitigated. The principal risks you should consider, when deciding whether to maintain your investment in ABML in the present circumstances, include the matters discussed in this Section 7.

Additional risks and uncertainties not currently known to ABML may have a material adverse effect on ABML's business and the information set out below is not intended to be an exhaustive list of the risks that may affect ABML or ABML Shareholders.

ABML Shareholders should read this Target's Statement in its entirety and carefully consider the following risk factors in deciding whether to accept the Offer.

## **7.1 General risks with holding shares in an ASX listed company**

As with any entity with listed securities on ASX, the future prospects, operating and financial performance of ABML and the value of the ABML Shares are affected by a wide variety of factors, including:

- (a) general business cycles;
- (b) economic and political factors in Australia and overseas;
- (c) interest rates;
- (d) inflation;
- (e) employment levels;
- (f) changes in government fiscal or regulatory regimes and foreign trade policies;
- (g) changes in accounting or financial reporting standards; and
- (h) changes in taxation laws (or their interpretation).

Deterioration of the general economic conditions, adverse foreign exchange rate movements, the Australian and overseas stock markets, natural disasters and catastrophic events may also affect ABML's operating and financial position.

## **7.2 Risks associated with remaining as an ABML Shareholder**

### **(a) Price of copper**

ABML's exposure to copper prices is very high, as the majority of ABML's revenue is derived from the sale of copper concentrate. The price received by ABML is determined with reference to copper prices quoted on the London Metal Exchange, which depends on numerous factors. Copper prices are volatile and are affected by numerous factors beyond ABML's control. It is difficult to predict accurately the future demand and price movements. Such movements may impact on ABML's anticipated profit margins, future development plans and planned future production, which may in turn adversely impact the price of ABML Shares.

### **(b) Exchange rates**

ABML has transactional currency exposures. Any copper sales will provide for realisation in Australian dollars with reference to a USD copper price, while the majority of costs will be in AUD. Therefore, revenue will be related to the USD copper price and will be affected by the AUD to USD foreign exchange rate, which is impacted by a number of factors beyond ABML's control. If the AUD strengthens relative to the value of the USD then, all other factors being equal, ABML's financial results may be adversely affected due to the potential lower AUD receipts available to cover costs.

### **(c) Mineral Resources and Ore Reserves**

The Mineral Resources and Ore Reserves figures previously disclosed by ABML are estimates only and no assurance can be given that any particular recovery level will in fact be realised. Those estimates have been reported in compliance with the JORC Code, however, such estimates are expressions of judgement based on knowledge, experience and industry practice and may require revision based on actual production experience. Estimates that are valid when made, may change significantly when new information becomes available.

While the Directors and ABML believe estimates of the ABML's Ore Reserves and Mineral Resources to be well established, these estimates by nature are prone to some variability and involve subjective judgements with regard to the presence and grade of mineralisation and the ability to economically extract and process the mineralisation.

No assurance can be given that the Ore Reserves will be recovered at the quality or yield presented. Investors should not assume that resource estimates are capable of being directly reclassified as reserves under the JORC Code. The inclusion of Ore Reserve estimates should not be regarded as a representation that these amounts can be economically exploited and you are cautioned not to place undue reliance on Mineral Resource estimates.

#### **(d) Hindalco – Nifty Concentrate Offtake Agreement**

Through its exclusive copper in concentrate supply arrangements (being the Nifty Concentrate Offtake Agreement), ABML's business is largely dependent upon the continued operation of Hindalco's Dahej copper production activities in India, and is therefore subject to operating risks and hazards, some of which are beyond the control of ABML. A significant and/or prolonged interruption at Hindalco's operations could have an adverse impact on the timing and volume of sales made to Hindalco and therefore the financial performance of ABML.

These interruptions could include unexpected maintenance or technical problems, critical equipment failure and other unforeseen circumstances and could pertain to one or more of Hindalco's processing operations at its Dahej site.

#### **(e) Gas supply for power generation risk**

Mining, processing and administration functions at Nifty rely on power generated on site mainly from its 21 mW GE dual fuel gas/diesel turbine. Supply of natural gas to ABML's Nifty operations for power generation is at risk of interruption.

There is a risk that the gas transportation services provided to ABML may be interrupted or curtailed, although the capacity assessment provides no reasonable basis for material interruptions.

There is a risk that gas supply will not always be available to the Nifty copper mine although the capacity assessment provides no reasonable basis for material interruptions.

#### **(f) Competition risk**

The market for copper in concentrate and copper metal is intensely competitive and is characterised by technological advancements and introductions of new production processes using new technologies. ABML has numerous competitors worldwide.

These competitors may develop technologies and processing methods that are more effective or less costly than ABML's (or Hindalco's) existing technologies and processing methods. Some of these competitors have substantially more resources than ABML does. Competitive activity in the markets for copper in concentrate and copper metal can have a significant impact on the prices ABML realises for its products, and could therefore have a material adverse effect on ABML's result of operations or financial condition.

In addition, copper metal or copper produced from concentrate made by ABML is subject to a degree of substitution in certain applications by other materials such as steel, aluminium and plastics in certain construction and industrial uses, and fibre optic cable in the electronic sector, depending on the economic benefit, suitability for purpose, and factors including environmental acceptability. The possibility exists that, in response to factors such as sustained strong copper prices, substitutes for copper may be adopted to a level which may adversely affect the market price for copper and hence ABML's competitiveness and profitability.

#### **(g) Regulatory compliance risk**

ABML's operations are extensively regulated. National, state and local authorities in Australia regulate the mining industry with respect to matters such as employee health and safety, royalties, permitting and licensing requirements and environmental compliance, plant and wildlife protection, reclamation and restoration of mining properties after mining is completed, surface subsidence from underground mining and the effects that mining has on ground water quality and availability.

Numerous government permits, approvals, licences and leases are required by ABML in respect of its mining operations. There is a risk that ABML does not have, might not obtain, or might lose permits, approvals, licences or leases that are essential to the operation of its business. Compliance with these regulatory regimes requires ongoing monitoring and may be costly and time-consuming and may delay commencement or continuation of exploration or production operations.

The possibility exists that new legislation or regulations may be adopted that may materially adversely affect ABML's mining operations or its cost structure. New legislation or regulations, or different or more stringent interpretation or enforcement of existing laws and regulations, may also require ABML or its customers to change operations significantly or incur increased costs. The factors and legislation, if enacted, could have a material adverse effect on ABML's financial condition and results of operations.

#### **(h) Exploration risks**

Exploration activities are risky by nature and require substantial expenditure. There can be no assurance that mineral exploration will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be commercially exploited.

#### **(i) Operating risks**

ABML's operations are subject to operating risks that could result in decreased production, increased costs and reduced revenues. Such risks are beyond ABML's control and include movements in the prices charged by contractors and external suppliers, environmental hazards, industrial accidents, technical failures, regulatory changes, labour disputes, unusual or unexpected rock formations, geotechnical rock failures, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents.

Such risks could result in damage to ABML's mining and processing operations, personal injury, environmental damage, delays in mining and product production, monetary losses and possible legal liability.

#### **(j) Infrastructure risk**

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, power sources, water supply and port facilities are important determinants, which affect capital and operating costs. While the Directors consider that ABML's operations enjoy good access to key infrastructure, there is no assurance that such infrastructure will always be available to ABML on satisfactory terms, or at all. This could have a material impact on ABML's performance.

#### **(k) Native Title**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, ABML could lose title to, or its interests in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments. Additionally, laws and regulations may be subject to change over time. The *Native Title Act 1993* (Cth), related State native title legislation and Aboriginal land rights and Aboriginal heritage legislation may affect ABML's ability to gain access to prospective exploration areas or obtain production titles. Compensatory obligations may be necessary in settling native title claims if lodged over any tenements acquired by ABML, potentially delaying or preventing the grant of a tenement in respect of a particular tenement application.

#### **(l) Environmental risk**

Due to the hazardous nature of copper mining and production processes, and the associated byproducts, residues and tailings generated from these processes, ABML's operations are subject to stringent State and Commonwealth environmental laws and regulations. ABML is committed to conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations but the potential for liability cannot be mitigated entirely. The cost and complexity of complying with the applicable environmental laws and regulations may prevent ABML from being able to develop potentially economically viable mineral deposits.

There is a risk that, should environmental issues at ABML's operations not be managed appropriately, ABML's present or future operations may not meet environmental requirements. If ABML breaches these environmental requirements, it may incur fines or penalties, be required to curtail or cease operations and/or be subject to significant costs for rehabilitation or rectification works, which have not been previously planned. In addition, ABML and its subsidiaries could be prosecuted.

### **(m) Occupational health and safety risk**

ABML is committed to providing a healthy and safe environment for its personnel, contractors and visitors. ABML provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational health and safety management systems. However, there is a risk that occupational health and safety incidents may occur, adversely affecting ABML and its activities.

### **(n) Litigation risk**

Although the Board is not aware of any material litigation pending, ABML is subject to litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, ABML may be involved in disputes with other parties in the future which may result in litigation.

### **(o) Insurance risk**

Although ABML maintains insurance that it considers consistent with industry standards to protect itself against certain risks relating to its operations, not all risks are insured or insurable.

ABML maintains insurance coverage including property insurance, business interruption insurance, Director's and officer's liability insurance, comprehensive general liability insurance and marine cargo insurance. Although the levels of coverage are maintained in amounts that are believed to be reasonable depending upon the circumstances surrounding each identified risk, there is no assurance that the coverage will be sufficient to indemnify ABML from replacement costs, lost production, lost revenues, or increased expenses or liabilities to third parties, in the event of a claim or loss.

ABML may not have insurance for certain risks such as environmental, or other hazards against which mining companies cannot insure or against which ABML may elect not to insure because of high premium costs or for various other reasons. Occurrences of events for which ABML is not insured may adversely affect its cash flows and overall profitability.

Further, ABML cannot guarantee that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially reasonable items or at commercially reasonable rates.

### **(p) Economic conditions**

The operating and financial performance of ABML is influenced by a variety of general economic and business conditions, including interest rates, inflation and exchange rates, access to debt and capital markets, and government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions could be expected to have a material adverse impact on ABML's business or financial condition.

Changes in general economic conditions may result from many factors including government policy (royalties, taxes and other governmental charges), international economic conditions, significant acts of terrorism, hostilities or war or natural disasters.

Changes to laws and regulations or accounting standards that apply to ABML from time to time could adversely impact on ABML's earnings and financial performance.

## **7.3 Risks associated with Metals X and risks associated with accepting the Offer**

Section 10 of the Bidder's Statement contains various risk factors disclosed by Metals X as affecting Metals X or the enlarged group resulting from the merger of Metals X and ABML. Certain risk factors associated with Metals X and the Offer are also summarised non-exhaustively below.

ABML has not independently verified information relating to Metals X, and has relied on publicly available information released in relation to Metals X.

### **(a) Superior Proposal**

You may consider that a third party may emerge with a Superior Proposal. If you accept the Offer, other than in limited circumstances provided in the Corporations Act (as summarised in Section 5.8 of this Target's Statement), you will not be able to accept your ABML Shares into any Superior Proposal, meaning that you will not be able to obtain any potential benefit associated with that Superior Proposal. Your Directors are not currently aware of any superior proposal, but are undertaking the Strategic Review and pursuing all options to maximise value for all ABML Shareholders.

Accepting the Offer will also preclude an ABML Shareholder from selling their ABML Shares on-market.

It may be possible in the future to sell your ABML Shares for more valuable consideration than that offered under the Offer. The ABML Board makes no forecast of whether this will occur.

## **(b) Equity dilution**

If Metals X were to acquire 100% of ABML (which is unlikely to occur given that Hindalco has stated that it will not be accepting the Offer), existing ABML Shareholders would own only approximately 12% of the combined Metals X Group and ABML Group (assuming that none of Metals X's performance rights on issue convert or vest into Metals X Shares).

If Metals X waives the Offer Conditions and acquires ABML Shares from ABML Shareholders who accept the Offer, those shareholders will be issued Metals X Shares and will therefore dilute their exposure to the potential future upside (if any) associated with ABML and its projects when compared to their present exposure. This is due to the accepting ABML Shareholders' anticipated reduced relative voting power in Metals X after completion of the Offer as compared with their current voting power in ABML.

## **(c) Offer Consideration**

The Offer Consideration under the Offer is a specified number of Metals X Shares, rather than a number of Metals X Shares referable to a specific market value. As a result, the value of the Offer Consideration will fluctuate depending on the market price of Metals X Shares. There is an ongoing risk, which exists with all shares, that the price of Metals X Shares (and therefore the value of the Offer Consideration received by accepting ABML Shareholders) may fall in the future.

## **(d) Liquidity**

Under the Offer, Metals X is offering one Metals X Share for every five ABML Shares. The higher the level of acceptance, the greater the number of Metals X Shares that will be issued. If ABML Shareholders accepting the Offer and existing Metals X Shareholders do not wish to hold their Metals X Shares, there may be insufficient depth of buying demand for the volume of Metals X Shares offered for sale. This may have a material adverse effect on the market price of Metals X Shares, and therefore the value of the Offer Consideration received by ABML Shareholders who accept the Offer.

## **(e) Taxation consequences of a change in control of ABML**

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian income and CGT considerations of accepting the Offer is set out in Section 11 of the Bidder's Statement. Further information regarding certain taxation matters is set out in Section 9 of this Target's Statement.

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement and in this Target's Statement is general in nature, and you should seek professional advice in relation to your specific circumstances.

## **(f) Changes in government policy and legislation**

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of Metals X, and consequent returns to investors. The activities of Metals X will be subject to various federal, state and local laws governing prospecting, development, production, environmental remediation of mining activities, taxes, labour standards and occupational health and safety, climate change and other matters.

## **(g) Synergy risks**

Greater than expected integration costs could have a material adverse effect on Metals X. Whilst the directors of Metals X have stated that they expect to realise certain synergy benefits, these may not be realised to their full extent or may be realised over a longer period of time than the directors of Metals X expect. This could have a material adverse impact on the financial performance of Metals X and the value of Metals X Shares in the future.

## **(h) Other**

Other risk factors include those typically associated with conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, weather and climate, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of Metals X.

## 7.4 Risks of rejecting the Offer

### (a) ABML Share price

There are many factors that influence the market price of ABML Shares. However, following the close of the Offer, the market price of ABML Shares may fall if Metals X's Offer fails (and no alternative proposal emerges).

This may impact on the willingness of other parties to make offers for ABML in the future, including as part of the Strategic Review.

By rejecting the Offer, ABML Shareholders would not have the opportunity to participate in any potential benefits which may result from becoming holders of Metals X Shares. The Board makes no forecast of whether such benefits may be realised.

### (b) Dividends

ABML Shareholders who reject the Offer and do not hold Metals X Shares at any future dividend record date would not be eligible to receive any associated future dividends paid by Metals X.

### (c) Liquidity

Depending on the number of acceptances of the Offer, the number of ABML Shares held by investors for trading purposes may be reduced, thereby potentially diminishing the future liquidity of ASX market trading of ABML Shares. The Directors note that ABML Shares have traded thinly in the recent period prior to the Announcement Date.

### (d) Scrip-for-scrip rollover relief

Unless Metals X obtains acceptances under the Offer in relation to a minimum of 80% of ABML Shares, ABML Shareholders will not be able to benefit from scrip-for-scrip rollover relief from CGT. For the reasons set out in Section 1.3 above (namely Hindalco's notification that it will not be accepting the Offer), this cannot occur, and as such, CGT rollover relief would not be available to accepting ABML Shareholders in the event that the Offer became unconditional (which, as discussed in Sections 1.2 and 1.3, is unlikely and would only occur if Metals X waived the minimum acceptance condition).

# **8. INFORMATION RELATING TO METALS X**



## 8.1 Disclaimer

The information in this Section 8 and all information concerning Metals X contained in other sections of this Target's Statement has been prepared by ABML without any input from Metals X. ABML has not independently verified information relating to Metals X and the Metals X Group, and ABML has relied on publicly available information released in relation to those entities.

## 8.2 Overview

Metals X is an Australian diversified metals producer, developer and explorer. Metals X is focused on exploring and developing resource projects within Australia and currently operates three key divisions: gold, tin and nickel.

Metals X's gold division is based on three gold producing projects, the Higgsville Gold Operations, the South Kalgoorlie Operations and the Central Murchison Gold Project. Metals X has recently acquired a fourth gold project, the Grosvenor Gold Project.

Metals X's tin assets comprise a 50% ownership of the Renison Tin Project in Tasmania.

Metals X's nickel assets include the Wingellina Nickel Cobalt Project.

## 8.3 Metals X Directors

The directors of Metals X as at the date of the Bidder's Statement are:

- (a) Peter Newton (Independent Non-Executive Chairman);
- (b) Peter Cook (Chief Executive Officer and Executive Director);
- (c) Warren Hallam (Executive Director);
- (d) Xie Penggen (Non-Executive Director);
- (e) Yimin Zhang (Alternate Non-Executive Director)
- (f) Andrew Ferguson (Non-Executive Director);
- (g) Simon Heggen (Independent Non-Executive Director); and
- (h) Paul Cmrlec (Independent Non-Executive Director).

## 8.4 Recent share price performance of Metals X<sup>1</sup>

- (a) The recorded sale price of Metals X Shares on ASX as at close of trading on 14 October 2015 (being the day before the Offer was announced) was \$1.365.
- (b) The recorded sale price of Metals X Shares on ASX on 10 November 2015, (being the Last Practical Trading Day) was \$1.175.
- (c) The lowest recorded sale price of Metals X Shares on ASX in the last 12 months before the Last Practical Trading Day was \$0.62 on 17 December 2014.
- (d) The highest recorded sale price of Metals X Shares on ASX in the last 12 months before the Last Practical Trading Day was \$1.59 on 7 May 2015.

## 8.5 Further information about Metals X

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

Section 5 of the Bidder's Statement provides further information relating to business of Metals X.

<sup>1</sup> Share price trading data sourced from IRESS without its consent and included in this Target's Statement pursuant to ASIC Class Order [CO 07/429]

# **9. AUSTRALIAN TAXATION CONSEQUENCES**

## 9.1 Introduction

In making a decision whether to accept the Offer, ABML Shareholders should also have regard to the fact that disposal of ABML Shares may have taxation consequences.

ABML Shareholders should refer to this Section 9 and Section 11 of the Bidder's Statement for an overview of certain potential Australian taxation consequences. However, it is also recommended that ABML Shareholders seek their own independent advice as to any taxation consequence.

The taxation consequences of ABML Shareholders accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. Section 11 of the Bidder's Statement sets out a general outline of the Australian capital gains tax consequences of the acceptance of the Offer.

The following Australian income tax comments do not apply to ABML Shareholders who are not resident of Australia for taxation purposes or who acquired their ABML Shares in respect of their employment or for services rendered, or which are companies, superannuation funds, partnerships or trusts. Those ABML Shareholders should seek their own specific professional advice as to the taxation implications applicable to their circumstances.

Further, the comments below do not apply to ABML Shareholders who acquired their ABML Shares for the purpose of resale at a profit or ABML Shareholders which are banks, insurance companies, tax exempt organisations or engaged in a business of trading or investment.

## 9.2 General taxation consequences

If you are an Australian resident for tax purposes, you may incur significant CGT liabilities on the disposal of your ABML Shares unless CGT rollover relief is available. CGT rollover relief will only be available if Metals X acquires 80% or more of all ABML Shares following the Offer.

This means that if, as a result of the Offer, Metals X owns less than 80% of ABML Shares on issue, ABML Shareholders who make an Australian capital gain by accepting the Offer will not be able to elect to obtain CGT rollover relief.

If CGT rollover relief is not available or not chosen, ABML Shareholders who have held their ABML Shares for 12 months or more and who dispose of those ABML Shares will be eligible for the CGT discount (for individuals this means only 50% of the capital gain will be taxable).

If CGT rollover relief is not available or not chosen, ABML Shareholders who have held their ABML Shares for less than 12 months and who dispose of those ABML Shares will not be eligible for any CGT discount. Those ABML Shareholders may therefore be taxed on any net capital gain at their top marginal rate of tax.

CGT rollover relief is not available if you hold your ABML Shares as trading stock or otherwise on revenue account. Therefore, ABML Shareholders who hold their ABML Shares as trading stock or otherwise on revenue account may be left with significant income tax liabilities from any disposal of ABML Shares. The Board recommends that those ABML Shareholders that hold their ABML Shares as trading stock or otherwise on revenue account obtain their own professional tax advice in respect of their specific circumstances.

A capital loss will be incurred by ABML Shareholders if the market value of the Offer Consideration is below the reduced cost base an ABML Shareholder has in ABML Shares. Such capital losses will only be available to offset any current or future capital gains (subject to satisfying the applicable loss utilisation rules). CGT rollover relief is not available if a capital loss is incurred.

The taxation comments in this section are general in nature only and do not cover all possible tax consequences, and it is recommended that ABML Shareholders seek their own independent tax advice on the consequences of accepting the Offer.

ABML Shareholders should consult their own tax adviser for tax advice tailored to their own particular circumstances. ABML Shareholders should not solely rely on Section 11 of the Bidder's Statement and this Section 9 of the Target's Statement in relation to the taxation implications of accepting the Offer.

In particular, ABML Shareholders who are subject to taxation outside Australia should obtain their own advice as to the tax consequences for them of the Offer, which may be different to those applicable to Australian resident ABML Shareholders.

Neither ABML, nor any of the Board, nor its taxation or other advisers, accept any liability or responsibility in respect of any statement concerning the taxation consequence of accepting the Offer in relation to particular ABML Shareholders.

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# 10. ADDITIONAL INFORMATION

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## 10.1 Issued capital

As at the date of this Target's Statement, there were 313,372,551 ABML Shares on issue.

## 10.2 Substantial holders

As at the date of this Target's Statement, based on the substantial shareholder notices provided to ABML, the substantial shareholders of ABML Shares are:

| Name of holder                                | Number of ABML Shares | Percentage Shareholding |
|-----------------------------------------------|-----------------------|-------------------------|
| Hindalco Industries Limited                   | 159,820,001           | 51.00%                  |
| 3rd Wave Investors Limited                    | 24,751,956            | 7.90%                   |
| Paradise Investment Management Pty Ltd        | 20,852,678            | 6.65%                   |
| Fortress Investment Group (Australia) Pty Ltd | 15,693,079            | 5.01%                   |

## 10.3 Material litigation

To the best knowledge of the Directors and senior management of ABML, ABML is not involved in any litigation or dispute which is material in the context of ABML and its subsidiaries taken as a whole.

## 10.4 Effect of the Offer on ABML's material contracts

To the best knowledge of the Directors and senior management of ABML, some of the contracts to which ABML is a party may contain change of control provisions which may be triggered as a result of the Offer or acceptances under the Offer, and which may have a material adverse effect on the ABML.

## 10.5 Effect of the Offer on ABML's senior employee and Director arrangements

To the best knowledge of the Directors and senior management of ABML, none of the contractual arrangements between ABML and its senior employees or between ABML and the Directors are materially affected by a change in control of ABML Shares, if that occurs pursuant to the Offer.

## 10.6 Consents

Moelis, financial adviser to ABML, Ashurst Australia, legal adviser to ABML and Hindalco have given, and have not, before lodgement of this Target's Statement with ASIC, withdrawn their consent:

- (a) to be named in this Target's Statement in the form and context in which they are named; and
- (b) if applicable, to the inclusion of each statement it has made (if any) in the form and context in which the statement appears in this Target's Statement.

Each person named in this Section 10.6 as having given its consent to the inclusion of a statement or being named in this Target's Statement:

- (a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than those statements which have been included in this Target's Statement with the consent of that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and any statements or report which have been included in this Target's Statement with the consent of that party.

Hindalco, has given and has not, before lodgement of this Target's Statement with ASIC, withdrawn its written consent for the publication of its intention statement in relation to the Offer.

## 10.7 Reliance on Class Orders

ASIC has published various Class Orders that modify, or exempt parties from compliance with the operation of various provisions of Chapter 6 of the Corporations Act. ABML has relied on that ASIC Class Order relief.

As permitted by ASIC Class Order [CO 01/1543] this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to ASX. Pursuant to this ASIC Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement. Any ABML Shareholder who would like to receive a copy of any of those documents may obtain a copy free of charge during the Offer Period by contacting the ABML Shareholder information line on 1800 992 481 (within Australia) or +61 1800 992 481 (from outside Australia) on weekdays between 8.30 am and 7.30 pm (Sydney time).

As permitted by ASIC Class Order [CO 03/635], this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

Pursuant to this ASIC Class Order, the consent of such persons to whom statements or documents are attributed is not required for the inclusion of those statements in this Target's Statement.

In addition, as permitted by ASIC Class Order [CO 07/429], this Target's Statement contains share price trading data sourced from IRESS without its consent.

## 10.8 Continuous disclosure

ABML is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules.

Copies of the documents filed with ASX may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) and ABML's website at <http://www.adityabirlaminerals.com.au>.

Copies of the documents lodged with ASIC in relation to ABML may be obtained from, or inspected at, an ASIC office.

ABML Shareholders may obtain a copy of:

- (a) ABML's annual report;
- (b) ABML's constitution; and
- (c) any document lodged by ABML with ASX between the release of ABML's annual report and the date of this Target's Statement,

free of charge upon request by contacting the Shareholder information line on 1800 992 481 (within Australia) or +61 1800 992 481 (from outside Australia) on weekdays between 8.30 am and 7.30 pm (Sydney time) or from the ASX website at [www.asx.com.au](http://www.asx.com.au). ABML's annual report, constitution and this Target's Statement are also available on ABML's website at <http://www.adityabirlaminerals.com.au>.

## 10.9 Regulatory and other approval, consent or waiver requirements

ABML has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the Offer, nor has ABML been granted any waivers from ASX in relation to the Offer.

## 10.10 No other material information

- (a) This Target's Statement is required to include all the information that ABML Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:
  - (i) only to the extent to which it is reasonable for ABML Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
  - (ii) only if the information is known to any ABML Director.
- (b) The Directors are of the opinion that the information that ABML Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:
  - (i) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
  - (ii) the information contained in ABML's releases to ASX, and in the documents lodged by ABML with ASIC, before the date of this Target's Statement; and
  - (iii) the information contained in this Target's Statement.
- (c) The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained in it.
- (d) In deciding what information should be included in this Target's Statement, the Directors have had regard to:
  - (i) the nature of the ABML Shares;
  - (ii) the matters that ABML Shareholders may reasonably be expected to know;
  - (iii) the fact that certain matters may reasonably be expected to be known to ABML Shareholders' professional advisers; and
  - (iv) the time available to ABML to prepare this Target's Statement

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# **11. GLOSSARY AND INTERPRETATION**

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## 11.1 Defined terms

| Term                | Meaning                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ABML                | means Aditya Birla Minerals Limited ACN 103 515 037.                                                                                                                                                                                                                                                                                                                                                                 |
| ABML Group          | means ABML and each of its related bodies corporate.                                                                                                                                                                                                                                                                                                                                                                 |
| ABML Share          | means a fully paid ordinary share in ABML.                                                                                                                                                                                                                                                                                                                                                                           |
| ABML Shareholder    | means a holder of ABML Shares.                                                                                                                                                                                                                                                                                                                                                                                       |
| Announcement Date   | means the date on which the Offer was announced to ASX by Metals X, namely 15 October 2015.                                                                                                                                                                                                                                                                                                                          |
| ASIC                | means the Australian Securities and Investments Commission.                                                                                                                                                                                                                                                                                                                                                          |
| ASX                 | means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.                                                                                                                                                                                                                                                                                                                   |
| ASX Listing Rules   | means the official listing rules of the ASX.                                                                                                                                                                                                                                                                                                                                                                         |
| Authorisation       | means: <ul style="list-style-type: none"> <li>• an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described; and</li> <li>• in relation to anything that could be prohibited or restricted by law if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken,</li> </ul> including any renewal or amendment. |
| Bidder's Statement  | means the bidder's statement received by ABML from Metals X under Part 6.5 of the Corporations Act dated 15 October 2015.                                                                                                                                                                                                                                                                                            |
| Birla Maroochydore  | means Birla Maroochydore Pty Ltd (ACN 103 844 471), a wholly owned subsidiary of ABML.                                                                                                                                                                                                                                                                                                                               |
| Birla Nifty         | means Birla Nifty Pty Ltd (ACN 074 145 636), a wholly owned subsidiary of ABML.                                                                                                                                                                                                                                                                                                                                      |
| Board               | means the board of directors of ABML.                                                                                                                                                                                                                                                                                                                                                                                |
| Business Day        | means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.                                                                                                                                                                                                                                                                      |
| CGT                 | means capital gains tax.                                                                                                                                                                                                                                                                                                                                                                                             |
| Corporations Act    | means the <i>Corporations Act 2001</i> (Cth).                                                                                                                                                                                                                                                                                                                                                                        |
| Director            | means a current director of ABML.                                                                                                                                                                                                                                                                                                                                                                                    |
| FIFO                | means fly in, fly out.                                                                                                                                                                                                                                                                                                                                                                                               |
| FIRB                | means the Foreign Investment Review Board.                                                                                                                                                                                                                                                                                                                                                                           |
| Foreign Shareholder | means any ABML Shareholder whose address shown in the ABML register of members is a place outside of Australia and India.                                                                                                                                                                                                                                                                                            |
| FY                  | means financial year.                                                                                                                                                                                                                                                                                                                                                                                                |
| Government Agency   | means: <ul style="list-style-type: none"> <li>• a government or government department or other body;</li> <li>• a governmental, semi-governmental or judicial person including a statutory corporation; or</li> <li>• a person (whether autonomous or not) who is charged with the administration of a law.</li> </ul>                                                                                               |
| Hindalco            | means Hindalco Industries Limited, a company registered in India and which holds 51% of the issued capital of ABML.                                                                                                                                                                                                                                                                                                  |

| Term                                        | Meaning                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>JORC Code</b>                            | means the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Geoscientists and Minerals Council of Australia, available at <a href="http://www.jorc.org">www.jorc.org</a> . |
| <b>km</b>                                   | means kilometre.                                                                                                                                                                                                                                                                                                       |
| <b>km<sup>2</sup></b>                       | means kilometre squared.                                                                                                                                                                                                                                                                                               |
| <b>ktpa</b>                                 | means thousand tonnes per annum.                                                                                                                                                                                                                                                                                       |
| <b>Last Practical Trading Day</b>           | means 10 November 2015, being the date that is three trading days prior to the date of this Target's Statement.                                                                                                                                                                                                        |
| <b>Marketable Parcel</b>                    | has the meaning given to that term in the ASX Operating Rules Procedures which, among other things, includes a parcel of shares, the value of which is not less than \$500.                                                                                                                                            |
| <b>Maroochydore</b>                         | means the copper project owned by Birla Maroochydore (a wholly owned subsidiary of ABML).                                                                                                                                                                                                                              |
| <b>Metals X</b>                             | means Metals X Limited ACN 110 150 055.                                                                                                                                                                                                                                                                                |
| <b>Metals X Group</b>                       | means Metals X and each of its related bodies corporate.                                                                                                                                                                                                                                                               |
| <b>Metals X Share</b>                       | means a fully paid ordinary share in Metals X.                                                                                                                                                                                                                                                                         |
| <b>Metals X Shareholder</b>                 | means a holder of Metals X Shares.                                                                                                                                                                                                                                                                                     |
| <b>Mineral Resource</b>                     | has the meaning given to this term in the JORC Code.                                                                                                                                                                                                                                                                   |
| <b>Moelis</b>                               | means Moelis Australia Advisory Pty Ltd ACN 142 008 446.                                                                                                                                                                                                                                                               |
| <b>Mt Gordon</b>                            | means the Mt Gordon copper operations and assets formerly owned by ABML.                                                                                                                                                                                                                                               |
| <b>mt</b>                                   | means million tonnes.                                                                                                                                                                                                                                                                                                  |
| <b>mtpa</b>                                 | means million tonnes per annum.                                                                                                                                                                                                                                                                                        |
| <b>MW</b>                                   | means megawatt.                                                                                                                                                                                                                                                                                                        |
| <b>Nifty</b>                                | means the copper operations and assets owned by Birla Nifty (a wholly owned subsidiary of ABML).                                                                                                                                                                                                                       |
| <b>Nifty Concentrate Offtake Agreement</b>  | means the agreement dated 25 January 2006 (including all variations, extensions and modifications) between Birla Nifty and Hindalco pursuant to which Birla Nifty has agreed to sell the entire life of mine production to Hindalco.                                                                                   |
| <b>Nifty Sulphide</b>                       | means the Nifty underground sulphide mine and associated infrastructure.                                                                                                                                                                                                                                               |
| <b>Notice of Status of Offer Conditions</b> | means Metals X's notice disclosing the status of the Offer Conditions which is required to be given by section 630(3) of the Corporations Act.                                                                                                                                                                         |
| <b>Offer</b>                                | means the offer by Metals X for ABML Shares, which is contained in Section 1 of the Bidder's Statement.                                                                                                                                                                                                                |
| <b>Offer Conditions</b>                     | means the conditions of the Offer, as described in Section 9 of the Bidder's Statement and summarised in Annexure A of this Target's Statement.                                                                                                                                                                        |
| <b>Offer Consideration</b>                  | means the consideration offered under the Offer, being one Metals X share for every five ABML Shares as at the date of this Target's Statement.                                                                                                                                                                        |
| <b>Offer Period</b>                         | means the period during which the Offer will remain open for acceptance in accordance with Section 9.4 of the Bidder's Statement.                                                                                                                                                                                      |
| <b>Ore Reserve</b>                          | has the meaning given to this term in the JORC Code.                                                                                                                                                                                                                                                                   |

| Term                                   | Meaning                                                                                                                                              |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sale Announcement</b>               | means the announcement made to ASX by ABML on 21 September 2015 in relation to the binding sale of its Mt Gordon assets.                             |
| <b>Strategic Review</b>                | means ABML's review of the Company's options with a view to maximising value for all shareholders, as announced on 26 October 2015.                  |
| <b>Superior Proposal</b>               | means a proposal received by ABML that is considered by the Board to be superior to the Offer.                                                       |
| <b>SX-EW</b>                           | means solvent extraction and electrowinning.                                                                                                         |
| <b>Target's Statement</b>              | means this document (including any attachments), being the statement of Aditya Birla under Part 6.5 Division 3 of the Corporations Act.              |
| <b>Unmarketable Parcel Shareholder</b> | means an Aditya Birla Shareholder to whom, if they accept the Offer, Metals X Shares would be issued which would not constitute a Marketable Parcel. |
| <b>USD</b>                             | means United States Dollars, being the lawful currency of the United States of America.                                                              |
| <b>WMC Resources</b>                   | means Western Mining Corporation Resources Limited, a company that was delisted from ASX in 2005.                                                    |

## 11.2 Interpretation

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

- (a) headings are inserted for convenience and do not affect the interpretation of this Target's Statement;
- (b) words and phrases in this Target's Statement have the same meaning given to them (if any) in the Corporations Act;
- (c) the singular includes the plural and vice versa;
- (d) a gender includes all genders;
- (e) a reference to a person includes a corporation, partnership, joint venture, association, unincorporated body or other body corporate and vice versa;
- (f) if a word is defined, another part of speech has a corresponding meaning;
- (g) a reference to a section or appendix is a reference to a section or appendix of this Target's Statement;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) unless expressly stated otherwise, a reference to time is a reference to time in Perth, Western Australia; and
- (j) unless expressly stated otherwise, a reference to **dollars**, **\$**, **A\$** or **AUD** is a reference to the lawful currency of Australia.

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# 12. AUTHORISATION

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This Target's Statement is dated 13 November 2015 and has been approved by a resolution passed by the Directors of ABML.

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# **ANNEXURE A**

## **Offer Conditions**

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The Offer is subject to a number of Offer Conditions which are summarised below and in Section 9.2 of the Bidder's Statement.

**(a) FIRB approval**

Metals X receiving FIRB approval permitting it to acquire all of the ABML Shares.

**(b) Minimum acceptance**

At or before the end of the Offer Period, Metals X has a Relevant Interest in such number of ABML Shares which represents at least 90% of the aggregate of all ABML Shares then on issue.

**(c) Index out**

The S&P/ASX 200 Index does not close below 4500 for three or more consecutive trading days during the Offer Period.

**(d) Metals X Share price**

The volume weighted average price of a Metals X Share over three or more consecutive trading days on the ASX does not fall below \$1.10 at any time during the Offer Period.

**(e) ABML Share price**

The volume weighted average price of an ABML Share over three or more consecutive trading days on the ASX does not fall below \$0.10 at any time during the Offer Period.

**(f) Gold price**

The spot gold price for gold as quoted on Bloomberg does not fall below \$1,250 per ounce at any time during a day for three or more consecutive days during the Offer Period.

**(g) Copper price**

The cash sale price of copper as quoted on the London Metals 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 fall below \$6,000 per tonne for three or more consecutive trading days during the Offer Period.

**(h) Disclosure - Nifty Concentrate Offtake Agreement**

ABML makes available to Metals X the Nifty Concentrate Offtake Agreement, together with any supplementary material binding commitments relevant to performance of the Nifty Concentrate Offtake Agreement.

**(i) Independent Expert review - Nifty Concentrate Offtake Agreement**

That in respect of the Nifty Concentrate Offtake Agreement:

- (i) ABML permits an independent industry expert agreed between ABML and Metals X, or failing agreement in writing by the date which is seven (7) days after the Announcement Date as appointed by Metals X, at Metals X's cost, to access all relevant documentation and materials and the expert provides written confirmation to Metals X that the Nifty Concentrate Offtake Agreement is on terms that:
  - (A) are arms' length and consistent with industry practice;
  - (B) are consistent with publicly made statements by ABML; and
  - (C) do not permit or no longer permit price participation by Hindalco without the agreement of ABML in annual setting of pricing under a memorandum of agreement based on prevailing Japanese benchmark terms, or that Hindalco has otherwise set aside, waived or permanently eliminated any price participation by Hindalco.
- (ii) Between the Announcement Date and the end of the Offer Period (each inclusive), ABML does not enter into any legally binding agreement with Hindalco or any other third party that would have the purpose or effect of creating or varying any rights or obligations of ABML in relation to the production, sale, supply or marketing of copper concentrates produced by ABML, or agree to do any such thing in the future.

## **(j) Price Participation - Nifty Concentrate Offtake Agreement**

That prior to the date which is fourteen (14) days before the end of the Offer Period, ABML confirm to Metals X in writing that the Nifty Concentrate Offtake Agreement does not permit or no longer permits price participation by Hindalco without the agreement of ABML in annual setting of pricing under a memorandum of agreement based on prevailing Japanese benchmark terms, or that Hindalco has otherwise set aside, waived or permanently eliminated any price participation by Hindalco.

## **(k) Data Room Access**

That within three Business Days of ABML establishing or compiling a due diligence data room (whether in physical, virtual or electronic form) capable of access by any third party (Data Room) comprising due diligence material in connection with the strategic review process announced by ABML on 7 October 2015, ABML provides access to Metals X to that Data Room.

## **(l) Sale of Mt Gordon**

ABML completes the sale of the Mt Gordon assets, as set out in the Mt Gordon Sale Announcement dated 21 September 2015, by the end of the Offer Period.

## **(m) Material adverse change**

Any event, change, condition, matter or thing occurs or is likely to occur and has or is likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the ABML Group taken as a whole.

## **(n) No untrue statements to ASX**

Information announced by ABML to ASX prior to the Offer is not, or is not likely to be, incomplete, incorrect, untrue or misleading in a material respect such that Metals X might reasonably be expected to have not proceeded with the Offer at all or would have proceeded with the Offer on materially different terms.

## **(o) Conduct of business**

Between the Announcement Date and the end of the Offer Period (each inclusive), otherwise than in the ordinary course of business, neither ABML nor any of its subsidiaries:

- (i) announces, declares, or distributes any dividend, bonus or other share of its profits or assets;
- (ii) makes any changes to its constitution or passes any special resolution or amends the terms of issue of any shares, options, performance rights or other convertible securities;
- (iii) borrows or agrees to borrow any money, other than in the ordinary course of business;
- (iv) provides a guarantee or indemnity or both to a third party for an amount that exceeds \$500,000;
- (v) does any of the following:
  - (A) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or employee;
  - (B) makes or agrees to make any substantial change in the basis or amount of remuneration of any director, employee or consultant;
  - (C) except as provided under any superannuation, provident or retirement scheme or contract in effect on the Announcement Date, pays or agrees to pay any retirement benefit or allowance to any director or employee;
  - (D) makes or agrees to make any payments to any third party that is above \$500,000, including to any employee, director or consultant to ABML that is contingent on the Offer or the outcome of the Offer (or a similar transaction); and
  - (E) amends or agrees to amend in any material respect any arrangement with its advisers, or enter into arrangements with any new advisers, in respect of the Offer or a similar transaction;
- (vi) acquires, offers to acquire or agrees to acquire any one or more businesses, assets, entities or undertakings valued at, or involving a financial commitment of more than \$500,000 (individually or when aggregated with all other such matters arising after the Announcement Date), or makes an announcement or enters into an agreement in relation to such an acquisition, undertaking or financial commitment; or
- (vii) incurs or commits to incur an amount of capital expenditure in excess of \$500,000 other than:
  - (A) capital expenditure that has been announced by ABML before the Announcement Date as intended to be incurred or committed; and
  - (B) capital expenditure in the day to day operating activities of the business of ABML and its Subsidiaries conducted in the same manner as before the Announcement Date.



## **(p) Nifty**

In relation to Nifty:

- (i) between the Announcement Date and the end of the Offer Period (each inclusive), there is no prohibition notice, interim order or other action taken by any Government Agency that is announced or becomes known to Metals X or ABML beyond matters disclosed by ABML prior to the Announcement Date, which adversely jeopardises, restrains, prohibits or impedes, or threatens to jeopardise, restrain, prohibit or impede, the ability of the Nifty underground mine and/or concentrator to operate; and
- (ii) ABML makes available to Metals X all information (including all prior notices and material communications) as at and from the Announcement Date until the end of the Offer Period (each inclusive) relating to any prohibition notice or interim order issued, conditions imposed, or other action taken by any Government Agency in connection with the operation of the Nifty underground mine and/or concentrator following the sinkhole incident which occurred at Nifty in March 2014.

## **(q) Dealings affecting ABML Tenements**

Between the Announcement Date and the end of the Offer Period (each inclusive), otherwise than in the ordinary course of business, or in accordance with Mt Gordon sale announcement, neither ABML nor any of its subsidiaries:

- (i) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement (including without limitation any ore sale, ore processing, joint venture, partnership, farm-in, royalty, management services, marketing or off-take agreement) in relation to any of the ABML Tenements;
- (ii) relinquishes, sells or disposes of any interest or creates any security interest over any of the ABML Tenements;
- (iii) takes any action or omits to take any action that results in or may reasonably be expected to result in a disposal of, or a breach of the terms of any of the Authorisations in connection with any ABML tenement; or
- (iv) takes any action or omits to take any action that results in or may reasonably be expected to result in the surrender of any of the ABML Tenements or any Authorisation relating to any ABML Tenements,

including announcing an intention to do any of the above matters.

## **(r) No natural disaster**

During the Offer Period, no natural disaster materially and directly affecting the operations of the ABML Group for at least five Business Days occurs.

## **(s) No litigation on foot or pending**

During the Offer Period, no litigation against ABML which may reasonably result in a judgement of \$500,000 or more is commenced, is threatened to be commenced, is announced, or is made known to Metals X (whether or not becoming public) or ABML.

## **(t) No regulatory action**

During the Offer Period:

- (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 Metals X or any Associate of Metals X),

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 impact upon, the making of the Offers and the completion of any transaction contemplated by this Bidder's Statement or which requires the divestiture by Metals X of any ABML Shares or any material assets of Metals X or any of its subsidiaries.

## **(u) Prescribed occurrences**

During the Offer Period and three days after the end of the Offer Period, none of the occurrences listed as prescribed in section 652C of the Corporations Act happen.

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# **ABML ASX announcements from 21 September 2015 to 10 November 2015**

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| Date              | Announcement                                                |
|-------------------|-------------------------------------------------------------|
| 30 October 2015   | MLX: Satisfaction of Mt Gordon Sale Condition               |
| 30 October 2015   | MLX: Dispatch of Bidder's Statement to ABY Shareholders     |
| 30 October 2015   | Quarterly Activities Report                                 |
| 28 October 2015   | Completion of Sale of Mt Gordon Operations                  |
| 27 October 2015   | MLX: Response to Aditya Birla Announcement                  |
| 26 October 2015   | ABML Directors Reject Inadequate & Highly Conditional Offer |
| 23 October 2015   | MLX: FIRB Approval Rec for Aditya Birla Minerals Takeover   |
| 19 October 2015   | Notice of Initial Substantial Holder from MLX               |
| 19 October 2015   | Becoming a substantial holder                               |
| 16 October 2015   | Shareholders advised to take no action on Takeover Offer    |
| 15 October 2015   | MLX: Aditya Birla Bidder's Statement                        |
| 15 October 2015   | MLX: Announcers Scrip Bid for Aditya Birla Minerals Limited |
| 7 October 2015    | Appointment of Moelis as Financial Advisor                  |
| 21 September 2015 | Sale of Mount Gordon Operations                             |

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