



## **MOLY MINES LIMITED**

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15 December 2017

## **TAKEOVER OFFER FOR QUEENSLAND MINING CORPORATION LIMITED**

- Moly Mines Limited (“Moly”) has executed a binding Bid Implementation Agreement with Queensland Mining Corporation Limited (“QMC”) under which Moly has agreed to offer to acquire all of the issued shares of QMC by way of a recommended off-market takeover bid (“Offer”).
- QMC’s Board of Directors has unanimously recommended that QMC Shareholders accept the Offer in the absence of a superior proposal.
- The Offer delivers on Moly’s strategy to reinvest the profits of its past success in the Australian mining industry through the development of the White Range copper project in the Cloncurry region of Queensland (the “White Range Project”), while also realising value from QMC’s other projects.
- Moly’s intention remains to fast track the White Range Project towards production and will commence additional work shortly to bring the White Range Project to development.
- The Offer consideration is A\$0.17 cash for each QMC share. The cash consideration will be funded from Moly’s existing cash balances.

### **Transaction Summary**

Moly Mines Limited (“Moly” or the “Company”) is pleased to announce the signing of a Bid Implementation Agreement (“BIA”) with Queensland Mining Corporation Limited (“QMC”) under which Moly has agreed to offer to acquire all of the shares of QMC by way of a recommended off-market takeover bid under the Corporations Act (“Offer”). A copy of the BIA is included in the Annexure to this announcement.

If the Offer becomes unconditional, the agreement dated 13 October 2017, under which Moly agreed to acquire the White Range Project from QMC, will terminate.

Under the Offer, QMC shareholders will receive A\$0.17 cash for every one (1) QMC share held. The Offer values QMC at approximately A\$50.8 million.

The Offer has been unanimously recommended by the directors of QMC, in the absence of a superior proposal. Other than Mr Qui, the directors of QMC have agreed to accept Moly's Offer in respect of all shares they control, in the absence of a superior proposal. In addition, QMC's two largest shareholders, Perfect Nation Global Limited and Great Tang Brothers Resource Investment Pty Ltd (which is controlled by Mr Qui), have each given undertakings in favour of Moly to accept the Offer and otherwise restricting their ability to deal in, or vote, in relation to 29,611,620 QMC Shares that they each hold. As a consequence, Moly now holds a relevant interest of 20.00% in QMC.

### **Commentary**

Moly non-executive Chairman, Nelson Chen, said:

*"This is an exciting day for Moly shareholders. The transaction is logical, value accretive and complementary to Moly's existing asset base. The transaction transforms Moly from principally a cash holding entity with some currently uneconomic resource sector assets, to a company that has assets currently being explored and which are capable of development in the near-term."*

QMC Chairman, Lakshman Jayaweera, said:

*"There has been a significant amount of work that has led us to this point and it's pleasing to see this lead to Moly's Offer. We have created a great company with demonstrated success in identifying several copper and gold discoveries in the Cloncurry region. Moly's offer recognises that success, realising value for our shareholders and enabling Moly to become one of the major players in the region."*

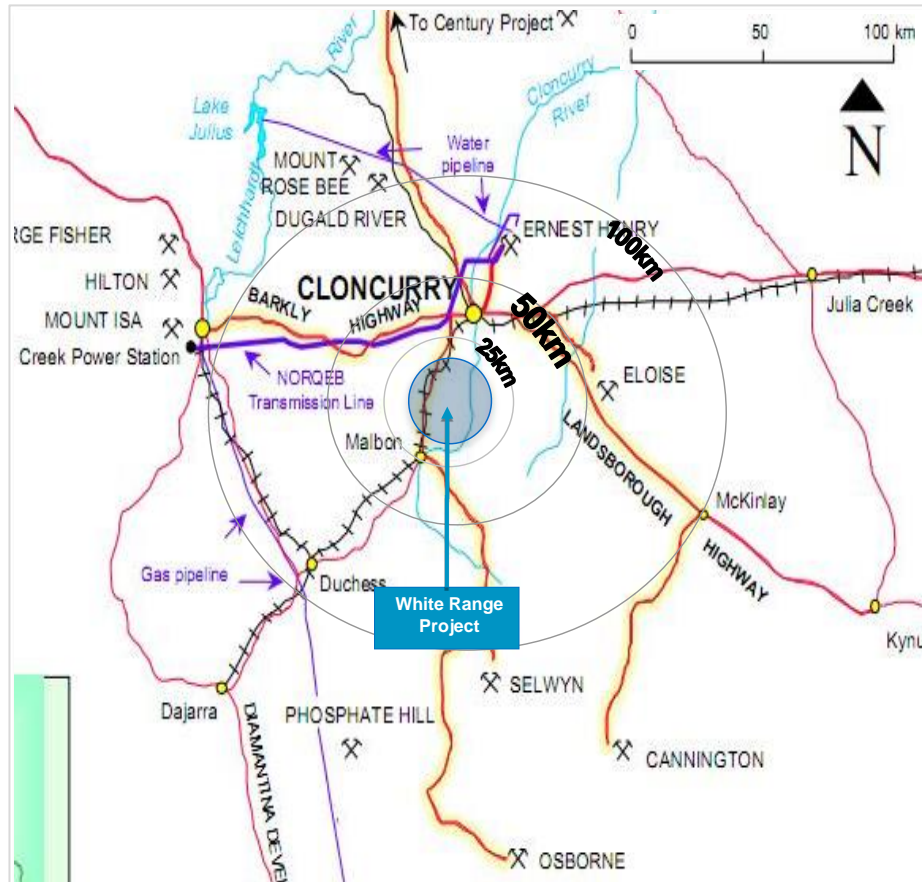
### **Rationale for the Offer**

Moly believes that the White Range project is a commercially attractive project for Moly enabling it to reinvest the profits of its past success in the Australian mining industry. Furthermore, Moly believes it has the experience, financial resources and skills necessary to bring the White Range Project into production.

The acquisition of QMC provides Moly with ownership of the high-grade White Range copper project, well located around existing copper operations and infrastructure, with strong near-term development potential. In addition, the White Range package of assets continue to show excellent exploration upside, as QMC demonstrated in their most recent announcement reporting assay results received from its recently completed RC drilling program in the Young Australian deposit (QMC ASX Announcement 3 October 2017, **"Very Significant Drill Intercept of 60 metres @ 1.0% Copper Returned from a New Zone in Young Australian"**).

The Cloncurry region is well known to contain significant copper deposits with a number of existing mining operations, namely Glencore's Mt. Isa copper mine (one of the largest mining operations in Australia) and Ernest Henry copper mine, CuDeco's Rocklands copper mine and CopperChem's Great Australian copper mine.

**Figure 1: Cloncurry Region Mining Operations and Infrastructure**



Over the past few years, QMC has been focused on further exploration work resulting in a JORC 2012 compliant Resource of 29.2Mt @ 0.82% Copper, 0.18 g/t Gold and 0.03% Cobalt for the Project Assets. By way of comparison, Rocklands copper mine contains a Reserve of 28Mt @ 0.71% Copper, 0.14 g/t Gold and 0.04% Cobalt with an estimated mine life of over 10 years.

Moly Mines considers that White Range has strong potential to be brought into production and intends to shortly commence work to bring the project to development.

Ongoing exploration work (e.g., current drilling at the Young Australian deposit) suggests the potential for a higher head grade and additional resources from existing deposits. This exploration work highlights the substantial prospectivity and the potential value upside associated with the White Range Project's assets, in addition to the stated JORC Resources.

The copper market has seen strong supply-demand fundamentals over the past 12 months, underpinned by expectations of strong demand from top consumer China. The metal, used in power and construction, has seen benchmark prices on the London Metal Exchange rise more than 20 per cent this year. Moreover, the consensus view among brokers is that tight supply in the global refined copper market

would result in the base case for copper remaining solid, with few indications that demand will slow. Moly believes that the acquisition of QMC will allow it to take advantage of this projected strong demand cycle and bring the project into operation during a period of forecast solid copper prices.

### **Offer Consideration**

The Offer consideration comprises a cash only offer of A\$0.17 for each QMC share. The cash consideration will be funded from Moly's existing cash balances.

### **Conditions of the Offer**

The Offer is subject to a number of conditions, including:

- 50.01% minimum acceptance condition;
- no material adverse change occurring to QMC or any of its subsidiaries;
- no material acquisitions, disposals or new commitments by QMC or any of its subsidiaries; and
- no public authority intervention.

Moly has obtained a statement from the Foreign Investment Review Board (FIRB) that it has no objections to Moly acquiring QMC Shares under the Offer.

Moly and QMC have agreed to a deal protection regime including no shop and no talk obligations and payment of an agreed break fee of \$560,000 (exclusive of GST) by QMC to Moly under certain circumstances.

Further details about the Offer and the conditions to the Offer are set out in the BIA, a copy of which is set out in the Annexure to this announcement. It is expected that Moly's bidder's statement, containing further information about the Offer, will be posted to QMC shareholders in the week commencing 18 December 2017.

### **Advisers**

Moly's advisers for the transaction are BurnVoir Corporate Finance Limited (financial and commercial) and Lander & Rogers (Legal).

### **Contacts:**

If you have any questions about the Offer, please don't hesitate to contact your broker or financial adviser, or call 1300 105 041 (within Australia) or +61 3 9415 4326 (outside Australia) on Monday to Friday between 8.30am and 5.00pm (Sydney time).

**ABOUT MOLY MINES**

Moly Mines is an Australian unlisted public company with a focus on identifying near-term mining opportunities. Moly Mines was incorporated in 2004 and quickly focussed on developing projects on the Spinifex Ridge tenements in the Pilbara region of Western Australia. The Spinifex Ridge Molybdenum-copper project was progressed to full permitting and DFS (Definitive Feasibility Study) in 2008 prior to the GFC (Global Financial Crisis) where commodity price changes adversely impacted the economics of the project. The project currently remains on care and maintenance.

Moly Mines developed the Spinifex Ridge Iron Ore Mine which operated successfully until 2014, producing direct ship ore exported through Port Hedland. The latter part of the mining operation was undertaken by a third party under a Mine Gate Sale agreement which de-risked the project against iron ore price fluctuations, whilst retaining the tenements under Moly Mines ownership. The money generated from the mining operation and the Mine Gate Sale has been preserved to invest in future mining opportunities in Australia which the Board is currently working towards.

The Company has a cash balance of approximately A\$57 million.

**ABOUT QMC**

Queensland Mining Corporation Limited is an emerging, ASX listed junior mineral resources company focused on developing gold and copper projects in the Cloncurry region of Queensland. The basic strategy has been the identification and procurement of mining leases and assessment by management and leading industry engineers to ascertain the prospective value.

QMC aims to maximise shareholder value through the targeted exploration and development of its projects, especially within the White Range Project, where the Company has already established significant resources on which to base growth and development of the project with the ultimate aim of producing copper and gold.

QMC possesses an extensive landholding in the Mount Isa / Cloncurry Region of Northern Queensland including the White Range Project with JORC Resources containing approximately 240kt copper (at 0.8% copper), 165koz gold and 11kt cobalt. The White Range Project was the subject of a Feasibility Study by Matrix Metals in 2005.

**FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE**

This announcement presentation includes “forward-looking statements” as that term applies within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Moly Mines’ control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this presentation, including, without limitation, those regarding Moly Mines’ future expectations. Readers can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “risk,” “should,” “will” or “would” and other similar expressions. Risks, uncertainties and other factors may cause Moly Mines’ or QMC’s actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for molybdenum and copper; fluctuations in exchange rates between the U.S. dollar and the Australian dollar; failure to recover the resource and reserve estimates of its projects; the failure of Moly Mines’ or QMC’s suppliers and service providers to fulfil their obligations under construction, supply and tolling agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information.

**Annexure – Bid Implementation Agreement**

# **Bid Implementation Agreement**

Date: 15 December 2017

**MOLY MINES LIMITED**

**QUEENSLAND MINING CORPORATION LIMITED**

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# Bid Implementation Agreement

Date: 15 December 2017

## PARTIES

**MOLY MINES LIMITED** (ACN 103 295 521) of Level 1, 80 Chandos Street, St Leonards NSW 2065 (**Bidder**);

and

**QUEENSLAND MINING CORPORATION LIMITED** (ACN 109 962 469) of Suite 2004, Level 20, 201 Elizabeth Street, Sydney NSW 2000 (**Target**).

## RECITALS

- A. Bidder proposes to make a takeover bid to acquire all of the Bid Securities.
- B. The Target Directors are proposing to recommend acceptance of the Bid to Target Shareholders.
- C. It is a pre-requisite to the Bid being made and the Target Directors making the recommendation that the parties enter into this Agreement.

## AGREEMENT

### 1. DEFINITIONS AND INTERPRETATION

---

#### 1.1 Definitions

**ACCC** means the Australian Competition and Consumer Commission.

**Acceptance Facility** means the acceptance facility in respect of the Bid established by the Bidder that is open to eligible institutional investors.

**Acceptance Facility Operator** means Computershare Clearing Pty Ltd (ACN 063 826 228) or such other person appointed by the Bidder as the Acceptance Facility operator and agent.

**Adviser** means, in relation to an entity, a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant who provides advisory services in a professional capacity to the market in general and who has been engaged by that entity.

**Agreed Bid Terms** means the terms and conditions of the Bid set out in the Schedule.

**Agreement** means this agreement.

**Announcement Date** means:

- (a) the date on which this Agreement is executed; or
- (b) if this Agreement is executed after market close on a Trading Day or on a day that is not a Trading Day, the first Trading Day immediately following the day of execution.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given in section 12(2) of the Corporations Act, where Target is the 'designated body'.

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as 'ASX' operated by ASX Limited.

**ASX Listing Rules** means the official listing rules of ASX.

**ATO** means the Australian Taxation Office.

**Bid** means an off-market takeover bid by Bidder for all of the Bid Securities, to be implemented in accordance with Chapter 6 of the Corporations Act and this Agreement.

**Bid Securities** means

- (a) all Target Shares that exist as at the date to be set by Bidder under section 633(2) of the Corporations Act in relation to the Bid; and
- (b) all other securities that become Target Shares during the Offer Period due to the conversion of or exercise of rights (whether or not attached to other securities) that exist or will exist at the Register Date that:
  - (i) will convert, or may be converted, to Target Shares; or
  - (ii) confer rights to be issued Target Shares,which includes, without limitation,
  - (A) Target Shares that are issued upon vesting and exercise of any of the Target Options; and
  - (B) 974,029 Target Shares to be issued by 10 January 2018 pursuant to the consulting agreement with Redrock Exploration Services Pty Ltd.

**Bidder Agreed Announcement** means a public announcement concerning the Bid, in the form initialled or identified by the parties prior to the execution of this Agreement, to be made by Bidder in accordance with clause 6.1.

**Bidder Group** means Bidder and its Subsidiaries.

**Bidder Group Member** means a member of the Bidder Group.

**Bidder's Statement** means the bidder's statement relating to the Bid to be prepared by Bidder in accordance with clause 3.1(a).

**Break Fee** means an amount equal to \$560,000 (exclusive of GST).

**Business Day** means any day that is each of the following:

- (a) a Business Day within the meaning given in the ASX Listing Rules; and
- (b) a day on which banks are open for business generally in Sydney, New South Wales other than a Saturday, Sunday or public holiday in Sydney, New South Wales.

**Change of Control** occurs when the Offers become, or are declared, free of the conditions of the Offers and Bidder has a Relevant Interest in more than 50% of all Target Shares on issue.

**Claim** means, in relation to a party, a demand, claim, action or proceeding made or brought by or against the party whether in contract, tort (including negligence), statute or equity, however arising and whether present, unascertained, immediate, future or contingent.

**Communications** means all forms of communications, whether written, oral, in electronic format or otherwise, and whether direct or indirect via agents or Representatives.

**Competing Proposal** means any expression of interest, proposal, offer, transaction or arrangement (other than any transaction that may be made and implemented in accordance with this Agreement) by or with any person pursuant to which, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed substantially in accordance with its terms:

- (a) a Third Party will (other than as custodian, nominee or bare trustee):
  - (i) acquire an interest in, or a Relevant Interest in, or become the holder of, or acquire rights, the economic effect of which is equivalent or substantially equivalent to becoming a holder of, 10% or more of the shares in any Target Group Member;
  - (ii) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in, all or a substantial part of the assets or business of any Target Group Member;
  - (iii) otherwise acquire control (within the meaning of section 50AA of the Corporations Act) of any Target Group Member; or
  - (iv) otherwise directly or indirectly acquire, merge or amalgamate with, or acquire a significant shareholding or significant economic interest in, any Target Group Member or in all or a substantial part of their respective assets or business, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the Target Group or other synthetic merger or any other transaction or arrangement; or
- (b) requires or would require any Target Director to change or withdraw their recommendation of the Bid.

**Conditions** means the "Defeating Conditions" identified in clause 3 of the Schedule.

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

**Exclusivity Period** means the period commencing on the date of this Agreement and ending on the earliest of:

- (a) the termination of this Agreement in accordance with its terms;
- (b) Bidder withdrawing the Bid;
- (c) the end of the Offer Period; and
- (d) the date that is six months after the date of this Agreement.

**Governmental Agency** means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister (including, for the avoidance of doubt, the Commonwealth Treasurer), ASIC, the ACCC, the ATO, ASX, the Takeovers Panel and any regulatory organisation established under statute or any stock exchange.

**Notice** has the meaning given in clause 13.

**Offer Period** means the period during which the Offers are open for acceptance.

**Offers** means the offers to acquire the Bid Securities to be made by Bidder to Target Shareholders under the Bid.

**Officer** means, in relation to an entity, any of its directors, officers and employees.

**Register Date** means 7.00pm (Sydney time) on 15 December 2017, being the time and date set by the Bidder under Section 633(2) of the Corporations Act.

**Regulatory Approval** means:

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Governmental Agency; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Governmental Agency intervened or acted in any way within a specified period after lodgment, filing, registration or notification, the expiry of that period without intervention or action; or
- (c) any amendments to any legislation.

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Representative** means, in relation to a person:

- (a) a Subsidiary of the person; or
- (b) an Officer of the person or any of the person's Subsidiaries; or
- (c) an Adviser to the person or any of the person's Subsidiaries.

**Share Sale Agreement** means the agreement so entitled between Bidder and Target dated 13 October 2017.



**Subsidiary** has the meaning given in the Corporations Act.

**Superior Proposal** means a bona fide unsolicited Competing Proposal received by Target after the date of this Agreement which the Target Board has determined, in good faith and acting reasonably after consultation with and the receipt of written advice from their external legal advisers, is, or is reasonably likely to result in a proposal by the person making the Competing Proposal that is:

- (a) reasonably capable of being valued and completed, taking into account all aspects of the Competing Proposal, including its conditions and the person making it; and
- (b) more favourable to the Target Shareholders than the Bid, taking into account all the terms and conditions of the Competing Proposal.

**Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

**Target Agreed Announcement** means a public announcement concerning the Bid in the form initialled or identified by the parties prior to the execution of this Agreement, to be made by Target in accordance with clause 6.1.

**Target Board** means the board of directors of Target (as constituted from time to time), and includes any authorised committee of directors.

**Target Director** means a director of Target.

**Target Disclosed Information** means all information (in whatever form) disclosed to ASX by Target prior to the date of this Agreement or provided by Target or any of its Representatives to Bidder or any of its Representatives in connection with the Bid or relating to the Target Group's past, present or future operations, affairs, business and/or strategic plans, whether provided before or after entry into this Agreement and whether provided for the purpose of facilitating Bidder's due diligence investigations in relation to the Target Group or otherwise (including information provided by way of access to data rooms, site visits, management presentations, and interviews and discussions with or other access to the Target Group's external auditors and Advisers).

**Target ESP** means the Target's employee option plan under which optionholders have a right to take up in aggregate two million Target Shares.

**Target Group** means Target and its Subsidiaries.

**Target Group Member** means a member of the Target Group.

**Target Register** means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

**Target Optionholder** means a holder of Target Options.

**Target Share** means a fully paid ordinary share in Target.

**Target Option** means a right to acquire or subscribe for a Target Share under the Target ESP.

**Target Shareholder** means a person who is registered in the Target Register as a holder of Bid Securities from time to time.

**Target's Statement** means the target's statement relating to the Bid to be prepared by Target in accordance with clause 3.2(a).

**Third Party** means any of the following:

- (a) a person other than any Bidder Group Member; or
- (b) a consortium, partnership, limited partnership, syndicate or other group in which no Bidder Group Member has agreed in writing to be a participant.

**Trading Day** has the meaning given in the ASX Listing Rules.

**Unacceptable Circumstances** has the meaning given in section 657A of the Corporations Act.

**Wholly-Owned Subsidiary** means, in relation to a party, a body corporate, all of the issued shares of which are or will be directly or indirectly owned by that party.

## 1.2 Interpretation

Headings are for convenience only and do not affect interpretation.

The following rules apply unless the context requires otherwise:

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
- (e) A reference to a clause or Schedule is a reference to a clause of, or Schedule to, this Agreement.
- (f) A reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced, except to the extent prohibited by this Agreement or that other agreement or document.
- (g) A reference to writing includes any method of representing or reproducing words, figures, drawings, or symbols in a visible or tangible form.
- (h) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns.
- (i) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (j) A reference to "dollars" or "\$" is to the lawful currency of the Commonwealth of Australia.



- (k) Words and phrases not specifically defined in this Agreement have the same meanings (if any) given to them in the Corporations Act.
- (l) Any reference to the time and date is to the time and date in Sydney, New South Wales, Australia.
- (m) Mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included.
- (n) Nothing in this Agreement is to be interpreted against a party solely on the ground that the party put forward this Agreement or any part of it.
- (o) If the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing must be done on the immediately succeeding Business Day.
- (p) A reference to a liability incurred by any person includes any liability of that person arising from or in connection with any obligation (including indemnities and all other obligations owed as principal or guarantor) whether liquidated or not, whether present, prospective or contingent and whether owed, incurred or imposed by or to or on account of or for the account of that person alone, severally or jointly or jointly and severally with any other person.
- (q) A reference to a loss incurred by any person includes any loss, liability, damage, cost, charge or expense that the person pays, incurs or is liable for and any other diminution of value of any description that the person suffers, including all liabilities on account of taxes or duties, all interest, penalties, fines and other amounts payable to third parties and all reasonable legal expenses and other expenses in connection with investigating or defending any claim, action, demand or proceeding, whether or not resulting in any liability, and all amounts paid in settlement of any such claims.

### **1.3 Best endeavours and reasonable endeavours**

A reference to a party using or obligation on a party to use its best endeavours or reasonable endeavours does not oblige that party to:

- (a) pay money:
  - (i) in the form of an inducement or consideration to a third party to procure something (other than the payment of immaterial expenses or costs, including costs of advisers, to procure the relevant thing); or
  - (ii) in circumstances that are commercially onerous or unreasonable in the context of this Agreement;
- (b) provide other valuable consideration to or for the benefit of any person; or
- (c) agree to commercially onerous or unreasonable conditions.

### **1.4 Consents and approvals**

If the doing of any act, matter or thing under this Agreement is dependent on the consent or approval of a party or is within the discretion of a party, such consent or approval may be given or such discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion (unless this Agreement specifies otherwise).

## **2. THE BID**

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### **2.1 Offers by Bidder and early dispatch of Bidder's Statement**

- (a) Bidder must make the Offers on terms and conditions that are no less favourable to Target Shareholders than the Agreed Bid Terms, and otherwise in accordance with this Agreement and all applicable provisions of the Corporations Act.
- (b) Target agrees that Bidder may dispatch the Bidder's Statement to Target Shareholders at any time on or after the date the Bidder's Statement is sent to the Target.

### **2.2 Conditions of Offers**

Without prejudice to any other obligations of the parties under this Agreement:

- (a) Bidder must use its best endeavours to satisfy, or procure the satisfaction of, the Conditions as soon as practicable after the date of this Agreement, to the extent that it is within its control;
- (b) Target must use its best endeavours to satisfy, or procure the satisfaction of, the Conditions as soon as practicable after the date of this Agreement, to the extent that it is within its control; and
- (c) Target will not (and must procure that its Subsidiaries do not) take any action that will or is likely to hinder or prevent the satisfaction of any Condition, except to the extent that such action is required to be done or procured pursuant to, or is otherwise expressly permitted by, this Agreement, or is required by law.

Subject to clause 1.3, for the purposes of paragraphs (a) and (b), the 'best endeavours' of a party will require that party to (among other things):

- (d) observe and comply with clause 6.2; and
- (e) co-operate with the other party or a Governmental Agency or third party in good faith with a view to satisfying the Conditions, including providing all information reasonably required by the other party in relation to the Bidder Group or Target Group (as applicable) in order to satisfy the Conditions and providing all information reasonably required by any Governmental Agency or other third party to such Governmental Agency or third party as appropriate.

However, for the avoidance of doubt, Bidder is not obliged to waive any Condition except in accordance with this Agreement.

### **2.3 Notifications**

Each party must, promptly, and in any event within 1 Business Day, after becoming aware of the relevant matter, notify the other party in writing of any fact or circumstance that results in a Condition becoming incapable of being satisfied or that may result in that Condition not being satisfied in accordance with its terms (having regard to the obligations of the parties under clause 2.2).

### **2.4 Variation of Offers**

Target acknowledges that Bidder may, subject to the Corporations Act:

- (a) vary the terms and conditions of the Offers, provided that the varied terms and conditions are no less favourable to Target Shareholders than the Agreed Bid Terms; and
- (b) waive any Condition, declare the Offers unconditional or extend the Offer Period at any time.

## **2.5 Declaring the Offers free from the Conditions**

The Bidder must immediately declare the Offers free from the Conditions that have not been fulfilled or waived in accordance with section 650F of the Corporations Act if:

- (a) the number of Target Shares in which the Bidder and its Associates together have Relevant Interests; plus
- (b) the number of Target Shares in respect of which the Acceptance Facility Operator has been appointed under the terms and conditions of the Acceptance Facility (and such appointment has not been withdrawn under those terms and conditions) by:
  - (i) Target Shareholders; and
  - (ii) in the case of Target Shares held by custodians, persons who are the beneficial holders of those Target Shares,

are more than 50% (by number) of all Target Shares on issue at that time.

## **3. DOCUMENTATION AND FACILITATION OF BID**

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### **3.1 Bidder's obligations to prepare Bidder's Statement and other documentation**

- (a) As soon as practicable after the date of this Agreement, Bidder must prepare:
  - (i) a bidder's statement for the Bid; and
  - (ii) an acceptance form or acceptance forms for the Bid,

in each case consistent with clause 2 and in accordance with sections 636 and 637 and other applicable provisions of the Corporations Act and all ASIC Regulatory Guides and Takeovers Panel Guidance Notes applicable to takeover bids under Chapter 6 of the Corporations Act.
- (b) Bidder must give Target a reasonable opportunity to review:
  - (i) the draft of the Bidder's Statement in the form in which Bidder proposes to lodge that document with ASIC; and
  - (ii) any subsequent amendments to that draft,

and will consider in good faith any comments from Target and its Advisers on that draft or those amendments.
- (c) Target acknowledges that, in order for Bidder to be able to implement the Bid and to acquire (and to offer to acquire) Target Shares under the Offers (or otherwise as permitted by the Corporations Act, it may be necessary or appropriate (in the reasonable opinion of Bidder) for the Bidder's Statement or

its announcements to include confidential information obtained by Bidder in connection with the Target and the Target Group Members including in connection with the Share Sale Agreement (**Target Confidential Information**). Without limiting its obligations under clause 3.1(c), Bidder will use its reasonable endeavours to provide Target with advance notice of any disclosure contemplated by this clause 3.1(c).

### **3.2 Target's obligations to prepare Target's Statement and other documentation**

- (a) As soon as practicable after the date of this Agreement, Target must prepare a target's statement in response to the Bid consistent with clauses 2, 5.1(b)(ii) and 5.2(b)(ii), and in accordance with section 638 and other applicable provisions of the Corporations Act and all ASIC Regulatory Guides and Takeovers Panel Guidance Notes applicable to takeover bids under Chapter 6 of the Corporations Act.
- (b) Target must give Bidder a reasonable opportunity to review:
  - (i) the draft of the Target's Statement in the form in which Target proposes to lodge that document with ASIC; and
  - (ii) any subsequent amendments to that draft,

and will consider in good faith any comments from Bidder and its Advisers on that draft or those amendments.

### **3.3 Co-operation by Target in relation to documentation**

- (a) Target must provide all information and all reasonable assistance necessary to Bidder to facilitate the preparation and verification of the Bidder's Statement having regard to the fact that upon a Change of Control, the majority of the assets of Bidder will be Target Shares and that accordingly much of the information required under section 636 of the Corporations Act to be included in the Bidder's Statement will be information relating to the assets and liabilities, financial position and performance, profits and losses and prospects of the Target Group.

### **3.4 Despatch of documentation**

- (a) Target agrees, and represents and warrants that all of the Target Directors have agreed, for the purpose of item 6 of section 633(1) of the Corporations Act, that the Offers and accompanying documents to be sent by Bidder to Target Shareholders and Target Optionholders in respect of the Bid (including the Bidder's Statement and acceptance form or forms) may be sent to Target Shareholders and Target Optionholders at any time after the Bidder's Statement is sent to Target under item 3 of section 633(1) of the Corporations Act.
- (b) At the request of Bidder, each party must use all reasonable endeavours to ensure that the Bidder's Statement and the Target's Statement are dispatched in one envelope to Target Shareholders and Target Optionholders within 3 days after the date of this Agreement.

### **3.5 Provision of register information**

In addition to Target's obligations under the Corporations Act, during the period from the date of this Agreement to the end of the Offer Period, Target must provide all

necessary information, or have the share registry of Target provide all necessary information, to Bidder about Target Shareholders and Target Optionholders (including the results of directions by Target to Target Shareholders under Part 6C.2 of the Corporations Act), in each case in a form reasonably requested by Bidder and at least on a weekly basis, which Bidder reasonably requires in order to send Offers and accompanying documents to solicit acceptances of Offers by, or discuss the Bid with, Target Shareholders or to facilitate the provision by Bidder of the consideration under the Bid.

#### **4. CONDUCT OF BUSINESS AND OTHER OBLIGATIONS**

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##### **4.1 Conduct of Target business**

During the period from the date of this Agreement to the end of the Offer Period, Target must:

- (a) procure that the Target Group conducts its business and operations in the ordinary course and substantially consistent (subject to any applicable laws, regulations and Regulatory Approvals) with the manner in which each such business and operation has been conducted in the period prior to the date of this Agreement and in compliance in all material respects with all applicable laws, regulations and Regulatory Approvals; and
- (b) to the extent consistent with that obligation, use its best endeavours to preserve intact the Target Group's current business organisation, to keep available the services of the current Officers of it and the other Target Group Members, and to preserve the Target Group's relationship with Governmental Agencies, ratings agencies, customers, suppliers, licensors, licensees and others having business dealings with it,

except to the extent required to be done or procured by Target pursuant to, or that is otherwise expressly permitted by, this Agreement, or the undertaking of which Bidder has approved in writing, such approval not to be unreasonably withheld or delayed.

##### **4.2 Access to information and co-operation**

- (a) In addition to its obligations under the Share Sale Agreement, during the period from the date of this Agreement to the end of the Offer Period, Target must, and must procure each of its Subsidiaries to, respond to reasonable requests from Bidder and their respective Representatives for information concerning the Target Group businesses and operations, and give Bidder and its Representatives reasonable access to its Officers and records, and otherwise provide reasonable co-operation to Bidder and its Representatives, in each case for the purposes of:
  - (i) the implementation of the Bid;
  - (ii) the integration of the Target Group and the Bidder Group following the implementation of the Bid; and
  - (iii) any other purpose that is agreed in writing between the parties,subject to the proper performance by the directors and officers of Target Group Members of their fiduciary duties.
- (b) Without limiting clauses 7.2(f) and 7.2(g), the obligations in clause 4.2(a) do not require Target to:



- (i) provide information to Bidder concerning the Target Directors' and Target's management's consideration of the Bid;
- (ii) provide any commercially sensitive or competitive information; or
- (iii) breach an obligation of confidentiality to any person.

#### **4.3 Treatment of Target Options**

- (a) During the period from the date of this Agreement to the end of the Offer Period, except as otherwise agreed in writing by Bidder, Target will not, and will procure that the Target Board does not, make any amendment to the Target ESP or to the terms of issue of any Target Options, or make any determination or exercise any discretion under the Target ESP or the terms of issue of any Target Options, where, as a consequence, any one or more of the following occurs:
  - (i) the period for exercise of any Target Option is extended;
  - (ii) the number of Target Options that are exercisable at any time is increased;
  - (iii) the earliest date for exercise of any Target Option is brought forward;
  - (iv) the exercise price of any Target Option is reduced; or
  - (v) the number of Target Shares to be issued on exercise of any Target Option is increased.
- (b) As soon as practicable, Target must use its best endeavours to procure that each holder of Target Options enters into a deed poll in a form reasonably satisfactory to Bidder under which each irrevocably undertakes to exercise their Target Options within 5 Business Days of the Bid becoming unconditional.

#### **4.4 No payment of dividend**

During the period from the date of this Agreement to the end of the Offer Period, Target undertakes not declare or pay any dividend nor make any other distribution to its shareholders.

#### **4.5 Board changes upon Change of Control**

As soon as practicable after a Change of Control occurs Target must use its best endeavours to:

- (a) take all action necessary to procure that each Target Director designated by Bidder in writing, and each director of any other Target Group Member designated by Bidder in writing, resigns their office; and
- (b) cause the appointment to the Target Board and to the boards of each Subsidiary of Target of such persons as nominated by Bidder in writing, subject to those persons having provided a consent to act as directors of the relevant company or companies.

## **4.6 Termination of Share Sale Agreement**

The parties agree:

- (a) with effect from the date that the Bid becomes unconditional that the Share Sale Agreement automatically terminates and, notwithstanding clause 16.4 of the Share Sale Agreement, the parties agree that only clauses 1, 15, 16, 17 and 18 of the Share Sale Agreement survive termination; and
- (b) each party retains the rights it has against the other party in respect of any breach of the Share Sale Agreement that has occurred before the date that the termination of the Share Sale Agreement occurs.

## **5. TARGET BOARD RECOMMENDATIONS AND INTENTIONS**

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### **5.1 Target Board recommendation**

- (a) The Target Agreed Announcement must state (on the basis of written statements or resolutions made by each of the Target Directors) that the Target Board unanimously recommends the Bid to Target Shareholders and that Target Shareholders accept the Offers in respect of all of their Bid Securities, in the absence of a Superior Proposal.
- (b) Target must ensure that the Target Board:
  - (i) does not change or withdraw the recommendations set out in the Target Agreed Announcement;
  - (ii) in the Target's Statement, states that the Target Board unanimously recommends the Bid to Target Shareholders and that Target Shareholders accept the Offers in respect of all of their Bid Securities, in the absence of a Superior Proposal, and does not change or withdraw those recommendations once made; and
  - (iii) does not make any public statement or any statement to brokers, analysts, journalists, Target Shareholders or professional or institutional investors to the effect, or take any other action that suggests, that the Bid is no longer so considered or recommended,unless the Target Board determines that a Competing Proposal constitutes a Superior Proposal.

### **5.2 Target Director intentions**

- (a) Subject to clause 5.2(c), the Target Agreed Announcement must state (on the basis of written statements or resolutions made by the relevant Target Directors) that:
  - (i) each Target Director who holds Target Shares, or who has control over the disposal of Target Shares, intends to accept (or procure the acceptance of, as the case may be) the Offers in respect of all such Target Shares, in the absence of a Superior Proposal;
  - (ii) each Target Director who holds Target Options intends to exercise their Target Options for Target Shares, and to accept the Offers in respect of all such Target Shares, in the absence of a Superior Proposal.



- (b) Subject to clause 5.2(c), Target must use its best endeavours to procure that:
- (i) each Target Director who holds Target Shares or Target Options, or who has control over the disposal of Target Shares and/or Target Options, does not change or withdraw their intention regarding acceptance of the Offers in respect of all those Target Shares set out in the Target Agreed Announcement; and
  - (ii) the Target's Statement includes a statement that each Target Director who holds Bid Securities intends to accept (or to procure the acceptance of, as the case may be) the Offers in respect of all of those Bid Securities, in the absence of a Superior Proposal,
- unless:
- (i) the Target Board determines in good faith and acting reasonably, after having consulted with and received written advice from its external legal and financial Advisers, that a Competing Proposal constitutes a Superior Proposal to the Transaction; and
  - (ii) the applicable Target Director, after considering the matter in good faith and after consulting in good faith with Bidder in relation to their proposed change or withdrawal of intention, no longer holds that intention.
- (c) In clauses 5.2(a) and 5.2(b), the references to "Target Director" exclude Mr Jun Qiu, and the parties acknowledge that Mr Jun Qiu will make no statement in the Target Agreed Announcement regarding his intention in respect of the Bid.

### **5.3 Other promotion of Bid**

During the period from the date of this Agreement to the end of the Offer Period, Target will procure that the chairman of the Target Board, the managing director of Target and such other senior executives of Target or its Subsidiaries as reasonably requested by Bidder will participate in efforts reasonably required by Bidder to promote the merits of the Bid, including:

- (a) meeting with key Target Shareholders if requested to do so by Bidder; and
- (b) communicating with Target's and its Subsidiaries' employees, customers and suppliers,

in the absence of a Superior Proposal.

## **6. PUBLIC ANNOUNCEMENTS AND COMMUNICATIONS**

### **6.1 Required announcements**

- (a) On the Announcement Date, Bidder must provide to the Target the final form of the Bidder Agreed Announcement and Target must concurrently lodge both the Target Agreed Announcement and Bidder Agreed Announcement with ASX. Bidder and Target must use their best endeavours to co-ordinate the release of those public announcements.
- (b) Where a party is required by applicable law, the ASX Listing Rules or any other applicable stock exchange regulation to make any announcement or to

make any disclosure in connection with this Agreement (including its termination), the Bid or any other transaction contemplated by this Agreement, it may do so only after it has given the other party as much notice as is reasonably practicable in the context of any deadlines imposed by law or the applicable requirement, but in any event prior notice, and has consulted with the other party as to (and has given the other party a reasonable opportunity to comment on) the form and content of that announcement or disclosure and taken all reasonable steps to restrict that disclosure to the greatest extent possible. Nothing in this clause requires the giving of prior notice or the taking of any action if doing so would lead to a party breaching an applicable law, or the ASX Listing Rules or any other applicable stock exchange regulation.

## **6.2 Agreement on other Communications**

Except in relation to Communications regulated by clause 6.1 and to the extent permitted by applicable law:

- (a) Bidder and Target must in good faith and on a timely and pragmatic basis consult with each other and agree in advance on all aspects (including the timing, form, content and manner) of:
  - (i) any Communications with any Governmental Agency in relation to the Bid, whether or not such Communications are for the purposes of satisfying a Condition; and
  - (ii) any public announcement or disclosure in connection with this Agreement (including its termination), the Bid or any other transaction contemplated by this Agreement;
- (b) each of Bidder and Target is entitled to be represented and to make submissions in any meeting with any Governmental Agency relating to any Regulatory Approval or the Bid;
- (c) each of Bidder and Target must ensure that any other Communications with third parties in relation to the Bid (such as with employees or shareholders or with the media other than by way of public announcement or disclosure) must be in accordance with the communication protocols and messages agreed between the parties (and if branded with the name or logo of the other party, must be consented to by that party);
- (d) each party must provide copies to the other party of any written Communications sent to or received from a person referred to in clause 6.2(c) promptly upon despatch or receipt (as the case may be).

## **7. REPRESENTATIONS AND WARRANTIES**

### **7.1 Mutual representations and warranties**

Each of Bidder and Target represents and warrants to the other that, at the date of this Agreement:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the power to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated by this Agreement;

- (c) it has taken all necessary corporate action to authorise the entry into this Agreement and has taken or will take all necessary corporate action to authorise the performance of this Agreement;
- (d) this Agreement is its valid and binding obligation enforceable in accordance with its terms; and
- (e) the execution and performance by it of this Agreement and each transaction contemplated by this Agreement did not and will not violate in any respect a provision of:
  - (i) a law, judgment, ruling, order or decree binding on it or any of its Subsidiaries;
  - (ii) its constitution; or
  - (iii) any other document or agreement that is binding on it or any of its Subsidiaries.

## 7.2 Target representations and warranties

Target represents and warrants to Bidder that, as at the date of this Agreement:

- (a) each Target Group Member is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against any Target Group Member for the winding up, dissolution or termination of that Target Group Member or for the appointment of a liquidator, receiver, administrator, or similar officer over any or all of any Target Group Member's assets;
- (b) there is no material breach of law by any Target Group Member of any Australian or foreign laws and regulations applicable to it or orders of Australian or foreign Governmental Agencies having jurisdiction over it and the Target Group has all material licences, permits and franchises necessary for it to conduct its activities as presently being conducted;
- (c) neither ASIC nor ASX (as applicable) has made a determination against any Target Group Member for any contravention of the requirements of the Corporations Act or the ASX Listing Rules or any rules, regulations or regulatory guides under the Corporations Act or the ASX Listing Rules;
- (d) there has not been any event, change, effect or development that would require Target to restate Target's financial statements as disclosed to ASX;
- (e) the total securities of Target on issue are as follows:
  - (i) 296,116,203 Target Shares; and
  - (ii) 2,000,000 Target Options,

and no Target Group Member has issued (or is actually or contingently required to issue) any other securities or instruments that are still outstanding (or may become outstanding) and that may convert into Target securities, other than Target Shares upon the exercise of Target Options and Target's contractual obligation to issue to Redrock Exploration Services Pty Ltd 974,029 Target Shares;

- (f) following the making by Target of the Target Agreed Announcement, Target is not in breach of its continuous disclosure obligations under ASX Listing Rule 3.1 and is not withholding any information from public disclosure in reliance on ASX Listing Rule 3.1A;
- (g) the Target Disclosed Information has been disclosed in good faith, and to Target's knowledge Target has not withheld from Bidder any material information in the possession of Target that a sophisticated buyer participating in the industry in which Bidder participates would regard as having a materially adverse effect on the value ascribed by Bidder of the Target Group or any Target Group Member; and
- (h) except with the prior consent of Bidder, it has not, prior to the date of this Agreement, taken any action contemplated by clause 4.3 to the extent that such action affects any Target Option on issue as at the date of this Agreement.

### 7.3 Reliance by parties

Each party acknowledges that:

- (a) in entering into this Agreement the other party has relied on the representations and warranties provided by the other party under this clause 7;
- (b) Target is not under any obligation to provide Bidder or its Representatives with any information (including financial information) on the future performance or prospects of the Target Group, any Target Group Member or their respective assets;
- (c) in respect of all estimates, projections, forward looking statements, business plans for future periods, budget information for future periods, budgets for future periods or other forecasts in respect of the Target Group, any Target Group Member or their respective assets (**Forecasts**) that Bidder or any Representative of Bidder has received from any person, Bidder acknowledges and agrees that it takes full responsibility for making its own evaluation of the adequacy and accuracy of the Forecasts; and
- (d) it has not entered into this Agreement in reliance on any warranty or representation made by or on behalf of the other party except those warranties and representations set out in this Agreement. This acknowledgment does not prejudice the rights any party may have in relation to any information filed by the other party with ASX or ASIC.

### 7.4 Notifications

Each party will promptly advise the other party in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of any of the representations or warranties given by it under this clause 7.

### 7.5 Status of representations and warranties

Each representation and warranty in this clause 7:

- (a) is severable; and
- (b) will survive the termination of this Agreement.

## **7.6 Exclusion of liability of directors of the Target Group**

Subject to and with effect on and from the Offers being declared free from the Conditions and to the full extent permitted by law, the Bidder must not, and must procure that the Target Group Members do not, make any Claim against any person in their capacity as a director or officer of any Target Group Member at any time prior to the Offers being declared free from the Conditions, unless such Claim arises from the wilful misconduct, dishonest breach of duty or fraud of that person. Those persons may plead this clause 7.6 in answer to any Claim made by the Bidder or a Target Group Member against them.

## **8. EXCLUSIVITY**

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### **8.1 Termination of existing discussions**

- (a) Target represents and warrants that, as at the time of execution of this Agreement, it is not in any negotiations or discussions, and has ceased any existing negotiations or discussions, in respect of any Competing Proposal with any person (other than, for the avoidance of doubt, the discussions with Bidder and its Representatives in respect of the Bid).
- (b) Target agrees that if it has provided any confidential information to a Third Party in connection with such Third Party's consideration of a possible Competing Proposal, Target has requested or will promptly request in writing the immediate return or destruction by the Third Party of such confidential information.

### **8.2 No shop restriction**

During the Exclusivity Period, Target must not, and must ensure that each of its Representatives does not directly or indirectly solicit, invite, encourage or initiate:

- (a) any Competing Proposal; or
- (b) any enquiries, negotiations or discussions with any Third Party in relation to, or that may reasonably be expected to lead to, a Competing Proposal,

or communicate any intention to do any of those things.

### **8.3 No talk restriction**

Subject to clause 8.6, during the Exclusivity Period, Target must ensure that neither it nor any of its Representatives negotiates or enters into, continues or participates in negotiations or discussions with any other person regarding a Competing Proposal, even if:

- (a) the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Target or any of its Representatives; or
- (b) the Competing Proposal has been publicly announced.

### **8.4 No due diligence**

Without limiting the general nature of clauses 8.2 and 8.3, but subject to clause 8.6, during the Exclusivity Period, Target must not, and must ensure that each of its Representatives does not:



- (a) solicit, invite, facilitate or encourage any person (other than Bidder or its Representatives) to undertake due diligence investigations into any Target Group Member where to do so would involve an actual or likely breach of clause 8.2; or
- (b) make available to any Third Party (other than to Bidder or any of its Representatives) or permit any such Third Party to receive any non-public information relating to any Target Group Member in connection with such Third Party formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal. Where the Target provides any such information to a person (where clause 8.6 permits it to do so), it must at the same time give Bidder a list detailing that information and a copy of that information at the same time if it has not previously been provided to Bidder or its Representatives.

## 8.5 Notification and matching right

- (a) During the Exclusivity Period, Target must promptly notify Bidder if:
  - (i) it is approached by any Third Party to take any action of a kind that would breach its obligations under clause 8.3 or 8.4 (or that would breach its obligations under clause 8.3 or 8.4 if it were not for the provisos to the relevant clause); or
  - (ii) it proposes to take any action of a kind that would breach its obligations under clause 8.3 or 8.4 (or that would breach its obligations under clause 8.3 or 8.4 if it were not for the provisos to the relevant clause),

unless (and only to the extent that) the Target Board, acting in good faith, and after having obtained written advice from Target's external legal and, if appropriate, financial advisers, determines that it would, or would be likely to, involve a breach of its fiduciary or statutory duties to so notify Bidder (in which case Target must promptly notify Bidder that such a determination has been made and that Target is relying on the proviso in this clause).

- (b) If Target receives a Competing Proposal, and as a result the Target Board proposes to publicly change or withdraw its recommendation of the Bid to Target Shareholders and/or that Target Shareholders accept the Offers in respect of all of their Bid Securities, Target must:
  - (i) give Bidder at least 72 hours' notice in writing of such proposed change or withdrawal and the Target's reasons for so doing; and provide to Bidder with that notice all material terms of the applicable Competing Proposal, including details of the proposed price or implied value (including details of the consideration if not simply cash), conditions, timing and break fee (if any);
  - (ii) Target will use its reasonable endeavours to ask the person who has made the applicable Competing Proposal (the **Competing Party**) for their consent to their name and other identifying details which may identify the Competing Party (**Identifying Details**) being provided by Target to Bidder on a confidential basis. If consent is refused, Target may only withhold the Identifying Details from Bidder if the Target Board, acting in good faith, after having obtained advice from Target's external legal advisers, determines that failing to do so would, or

would be likely to, involve a breach of the fiduciary or statutory obligations owed by any Target Director. Any information provided pursuant to this clause 8.5(b) will be provided subject clause 10.

- (c) During the period of 72 hours referred to in clause 8.5(b)(i), Bidder will have the right to offer to amend the terms and conditions of the Bid (a **Bidder Counterproposal**) so that the terms and conditions of the Bid (as amended) would provide a superior outcome for the Target Shareholders than the applicable Competing Proposal.
- (d) Target must procure that the Target Board considers any such Bidder Counterproposal made by Bidder during the period of 72 hours referred to in clause 8.5(b)(i), and if the Target Board, acting in good faith, determines that the Bidder Counterproposal would be more favourable to the Target Shareholders than the applicable Competing Proposal, taking into account all the terms and conditions of the Bidder Counterproposal, then:
  - (i) Target and Bidder must use their best endeavours to agree the amendments to this Agreement that are reasonably necessary to reflect the Bidder Counterproposal, and to enter into an appropriate agreement to give effect to those amendments and to implement the Bidder Counterproposal, in each case as soon as reasonably practicable; and
  - (ii) the Target Board must recommend the Bidder Counterproposal to Target Shareholders and not the applicable Competing Proposal.
- (e) Any material modification to any Competing Proposal (which will include any modification relating to the price or value of any Competing Proposal) will be taken to make that proposal a new Competing Proposal in respect of which Target must comply with its obligations under this clause 8.5.

## 8.6 Exceptions and normal provision of information

The obligations in clauses 8.3, 8.4 and 8.5 do not apply to the extent that they restrict the Target or the Target Board from taking any action in respect of a bona fide Competing Proposal which was not encouraged, solicited, invited, facilitated or initiated by the Target in contravention of clause 8.2 provided that the Target Board has determined:

- (a) that the Competing Proposal is a Superior Proposal; or
- (b) in good faith and acting reasonably, after having consulted with and received written advice from its external legal Advisers, that failing to respond to the Competing Proposal would, or would be likely to, constitute a breach of any of the Target Directors' fiduciary or statutory obligations,

and nothing in this clause 8 prevents a party from:

- (c) providing information to its Representatives;
- (d) providing information to any Governmental Agency;
- (e) providing information to its auditors, Advisers, customers, joint venturers and suppliers acting in that capacity in the ordinary course of business;



- (f) providing information required to be provided by law or any Governmental Agency; or
- (g) making presentations to brokers, portfolio investors, analysts and other third parties in the ordinary course of business.

## **8.7 Acknowledgement**

Bidder has required Target to agree to the obligations set out in this clause 8 in consideration of it proceeding with the Bid and incurring significant costs in doing so. In the absence of obtaining these obligations from Target, Bidder would not have entered into this Agreement.

## **9. BREAK FEE**

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### **9.1 Background**

- (a) Target believes that the Bid will provide benefits to Target and the Target Shareholders, and acknowledges that if the parties enter into this Agreement and the Bid is subsequently not successfully implemented, Bidder and its Subsidiaries will incur significant costs.
- (b) In the circumstances referred to in clause 9.1(a):
  - (i) Bidder has requested that provision be made for the payment referred to in clause 9.1(c), without which it would not have entered into this Agreement; and
  - (ii) the Target Board believes that it is appropriate that it agrees to the payment referred to in clause 9.1(c), in order to secure Bidder's execution of this Agreement and its agreement to implement (or to procure the implementation of) the Bid.
- (c) Target acknowledges that the Break Fee represents a reasonable amount to compensate Bidder for its costs in connection with investigating, preparing conducting and implementing the Bid including the following:
  - (i) all advisory costs (including costs of Advisers other than success fees);
  - (ii) costs of management and directors' time;
  - (iii) all out of pocket expenses;
  - (iv) all commitment fees and other financing costs (whether associated with debt or equity finance); and
  - (v) reasonable opportunity costs in pursuing the Bid or not pursuing other alternative acquisitions or strategic initiatives.
- (d) The parties agree that this clause 9 does not limit the rights of Target or Bidder in respect of any other claims that they may have against each other, whether under this Agreement or otherwise, provided that the amount of any loss or damage in relation to such claim by Bidder shall be reduced by the amount paid to Bidder under this clause 9.

## 9.2 Break Fee

- (a) Subject to clauses 9.2(b), 9.2(c) and 9.3(a), Target must pay Bidder the Break Fee in accordance with clause 9.4, without withholding or set off, if:
  - (i) during the Exclusivity Period any Target Director fails to recommend the Bid to Target Shareholders or that Target Shareholders accept the Offers in respect of all of their Bid Securities, or publicly changes (including by attaching qualifications to) or withdraws those recommendations once made, other than in any case in accordance with clause 5.1(b);
  - (ii) during the Exclusivity Period a Competing Proposal is announced or made and is publicly recommended, publicly promoted or otherwise publicly endorsed by the Target Board or by any of the Target Directors;
  - (iii) a Competing Proposal is announced or made prior to the end of the Offer Period and is completed at any time prior to the first anniversary of the date of this Agreement and, as a result, a Third Party acquires control of Target or the Target Group within the meaning of section 50AA of the Corporations Act (or acquires an equivalent shareholding or economic interest in Target pursuant to the implementation of a dual-listed company structure or reverse takeover;
  - (iv) during the Exclusivity Period a general meeting of Target is convened by the Target Board to consider and, if thought fit, approve the implementation or taking of any step that would, or would be likely to, prevent a Condition being satisfied or result in a Condition not being satisfied, and any of the Target Directors recommend that Target Shareholders vote in favour of implementing or taking that step; or
  - (v) Bidder terminates this Agreement in accordance with clause 11.1(c).
- (b) Despite any other term of this Agreement, the Break Fee is only payable once.
- (c) Despite any other term of this Agreement:
  - (i) the Break Fee will not be payable to Bidder if, as at the date on which the written notice contemplated by clause 9.4(a) is given by Bidder to Target, Target is entitled to terminate this Agreement under clause 11.1; and
  - (ii) the Break Fee will not be payable to Bidder and, if such payment has already been made, Bidder must within five Business Days after receiving written demand from Target refund the Break Fee to Target, if during, or at the end of the Offer Period, the number of Target Shares in which Bidder and its Associates together have relevant interests is at least 50% (by number) of all Target Shares on issue notwithstanding the occurrence of any event in clause 9.2(a).

## 9.3 Compliance with law

- (a) If a court or the Takeovers Panel determines that any part of the Break Fee:
  - (i) constitutes or would, if performed, constitute:

(A) a breach of the fiduciary or statutory duties of the Target Board;  
or

(B) Unacceptable Circumstances; or

(ii) is unenforceable or would, if paid, be unlawful for any reason,

then Target will not be obliged to pay such part of the Break Fee and, if such payment has already been made, then Bidder must within five Business Days after receiving written demand from Target refund that part of the Target Break Fee to Target. To the extent reasonably possible, Target must submit in any relevant proceedings that no such determination should be made or that if any such determination is to be made, it should apply only to the extent that the Break Fee is paid or to be paid in excess of the amount of the actual costs incurred, directly or indirectly, by Bidder and its Subsidiaries as a result of the Bid not being successfully implemented in accordance with this Agreement (including those described in clause 9.1(c)).

(b) If in Takeovers Panel proceedings described in clause 9.3(a), the Takeovers Panel indicates to Target and Bidder or either of them that in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) it will make a declaration of Unacceptable Circumstances, each of Bidder and Target (as the case may be) may give that undertaking on their own behalf and must give reasonable consideration to giving that undertaking if requested by the other party. Where such undertakings are given, this clause 9 will operate in a manner consistent with the terms of such undertakings.

(c) Target must not make, nor may it cause or permit to be made, any application to a court, arbitral tribunal or the Takeovers Panel for or in relation to a determination referred to in clause 9.3(a).

#### **9.4 Demand and time for payment**

(a) Target must pay Bidder the Break Fee, if it is payable pursuant to clause 9.2(a), within five Business Days after receiving a written notice from Bidder setting out the relevant circumstances and requiring payment of the Break Fee.

(b) Bidder may not issue a notice requiring payment of the Break Fee as contemplated under clause 9.4(a) after the date that is 6 months after the occurrence of the event specified in clause 9.2(a).

### **10. CONFIDENTIALITY**

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#### **10.1 Target and Bidder confidentiality obligations**

(d) Subject to clause 10.2, Target must keep confidential any information received or held by Target which relates to the Bidder Group.

(b) Subject to clause 10.2, any information obtained or held by Bidder or its Representatives in connection with Target, the Target Group, any Target Group Member or any of their respective businesses or assets must be kept confidential:

(i) until the end of the Offer Period; and

- (ii) if the Bid has not become unconditional, 12 months from the date of this Agreement.

## 10.2 Exceptions

A party may make any disclosures as it thinks necessary to:

- (a) its professional advisers, insurers, bankers, financial advisers and financiers, if those persons undertake to keep information disclosed confidential;
- (b) comply with any applicable law (including the rules of any stock exchange) or requirement of any Governmental Agency; or
- (c) any of its employees to whom it is necessary to disclose the information if that employee undertakes to keep the information confidential.

## 10.3 Public announcements

Except as required by law or the rules of any stock exchange, all press releases and other public announcements relating in any way to this Agreement must be on terms agreed by the parties.

## 10.4 Indemnity

Each party (**Indemnifier**) indemnifies the other party (**Indemnified Party**) from and against Liabilities incurred by the Indemnified Party on account of the Indemnifier's breach of this clause 10.

## 10.5 Return of Confidential Information

- (a) Each party ("recipient") agrees (at its own expense) upon termination of this Agreement to:
  - (i) deliver to the other party or, at the option of the other party, destroy, all confidential information of the other party in any medium in the possession, power or control of the recipient or its Representatives; and
  - (ii) delete any confidential information of the other party that has been entered into a computer, database or other electronic means of data or information storage by the recipient or its Representatives, except for back up data in respect of which it would be impractical for the recipient or its Representatives to delete.
- (b) The return, destruction or deletion of confidential information in accordance with clause 10.5(a) does not release the recipient from its obligations under this clause 10.
- (c) Notwithstanding clause 10.5(a), the recipient may retain minutes of directors' meetings and supporting documentation as are customarily retained by the recipient for corporate governance purposes.

## **11. TERMINATION**

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### **11.1 Termination by either party**

Either party (**terminating party**) may, if it is not itself in material breach of this Agreement, terminate this Agreement by notice to the other if:

- (a) not all of the Conditions have been either satisfied or waived by the end of the Offer Period;
- (b) Bidder withdraws the Bid or the Bid lapses for any reason;
- (c) the other party is in material breach of any clause of this Agreement (including a material breach of a representation or warranty given by the other party under clause 7) and:
  - (i) the terminating party has given notice to the other party setting out the relevant circumstances and stating an intention to terminate this Agreement; and
  - (ii) the relevant circumstances have continued to exist for five Business Days from the time such notice is given.

### **11.2 Termination by Bidder**

Bidder may terminate this Agreement by notice in writing to Target:

- (a) if any of the Conditions becomes incapable of satisfaction, provided that Bidder has complied with clause 2.2;
- (b) if any of the Target Directors publicly change (including by attaching qualifications to) or withdraw their recommendation of the Bid to Target Shareholders and that Target Shareholders accept the Offers in respect of all of their Bid Securities, or publicly recommend, publicly promote or otherwise publicly endorse a Competing Proposal, whether or not in accordance with clause 5.1(b); or
- (c) if a Competing Proposal is announced, made, or becomes open for acceptance.

### **11.3 Termination by Target**

Provided Target has complied with its obligation under this Agreement, Target may terminate this Agreement by notice in writing to Bidder if the Target Board publicly recommends, promotes or otherwise endorses a Superior Proposal, and any Break Fee payable pursuant to clause 9.2 has been paid in full by Target.

### **11.4 Effect of termination**

In the event of termination of this Agreement by either Bidder or Target pursuant to clause 11.1, 11.2 or 11.3, this Agreement will have no further force or effect and the parties will have no further obligations under this Agreement, provided that:

- (a) this clause 11 and clauses 1, 9, 10, 12, 13 and 14 will survive termination; and

- (b) each party will retain any accrued rights and remedies, including any rights and remedies it has or may have against the other party in respect of any past breach of this Agreement.

## **12. GST**

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### **12.1 Recovery of GST**

If GST is payable, or notionally payable, on a supply made under or in connection with this Agreement, the party providing the consideration for that supply must pay as additional consideration an amount equal to the amount of GST payable, or notionally payable, on that supply (the **GST Amount**). Subject to the prior receipt of a tax invoice, the GST Amount is payable at the same time that the other consideration for the supply is provided. This clause does not apply to the extent that the consideration for the supply is expressly stated to be GST inclusive or the supply is subject to reverse charge.

### **12.2 Liability net of GST**

Where any indemnity, reimbursement or similar payment under this Agreement is based on any cost, expense or other liability, it will be reduced by any input tax credit entitlement, or notional input tax credit entitlement, in relation to the relevant cost, expense or other liability.

### **12.3 Adjustment events**

If an adjustment event occurs in relation to a supply made under or in connection with this Agreement, the GST Amount will be recalculated to reflect that adjustment and an appropriate payment will be made between the parties.

### **12.4 Survival**

This clause will not merge upon completion and will continue to apply after expiration or termination of this Agreement.

### **12.5 Definitions**

Unless the context requires otherwise, words and phrases used in this clause that have a specific meaning in the GST law (as defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth)) will have the same meaning in this clause.

### **12.6 Cost exclusive of GST**

Any reference in this Agreement (other than in the calculation of consideration) to a cost, expense or other similar amount (Cost) is a reference to that Cost exclusive of GST.

## **13. NOTICES**

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### **13.1 All Notices**

Any notice, demand, consent or other communication (a **Notice**) given or made under this Agreement:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;



- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand to the address or below or the address last notified by the intended recipient to the sender:

- (i) to the Target: Queensland Mining Corporation Limited  
Address: Suite 2004,  
Level 20, 201 Elizabeth Street  
Sydney NSW 2000  
Attention: Mr Lakshman Jayaweera and Mr Eddy Wu
- (ii) to Bidder: Moly Mines Limited  
Address: Level 1, 80 Chandos Street  
St Leonards NSW 2065  
Attention: Mr Nelson Chen and Mr Greg Jones

- (c) will be conclusively taken to be duly given or made:

- (i) in the case of delivery in person, when delivered; and
- (ii) in the case of delivery by post, two Business Days after the date of posting (if posted to an address in the same country) or seven Business Days after the date of posting (if posted to an address in another country),

but if the result is that a Notice given in accordance with this clause 13.1 would be taken to be given or made on a day that is not a Business Day in or at a time that is later than 4pm (local time), it will be taken to have been duly given or made at the start of business on the next Business Day.

### 13.2 Notices sent by email:

Any Notice which may be given or made under this Agreement may instead be sent by email if:

- (a) the Notice is signed by a person clearly authorised by the sender in a manner which complies with the electronic signature guidelines agreed by the sender and the intended recipient;
- (b) the Notice is sent to the email address below or the email address last notified by the intended recipient to the sender:
- (i) to the Target: Queensland Mining Corporation Limited  
email address: eddy.wu@qmcl.com.au (Eddy Wu)
- (ii) to Bidder: Moly Mines Limited  
email addresses: greg.jones@variscan.com.au (Greg Jones)  
ivo.polvineo@variscan.com.au (Ivo Polovineo)



- (c) the sender keeps an electronic copy of the Notice sent.

### **13.3 Receipt of Notices sent by email**

A Notice sent under clause 13.2 will be conclusively taken to be duly given or made on the first to occur of:

- (a) receipt by the sender of an email acknowledgement from the recipient's information system showing that the Notice has been delivered to the email address stated above;
- (b) the time that the Notice enters an information system which is under the control of the recipient; and
- (c) the time that the Notice is first opened or read by an employee or officer of the recipient,

and an email duly given or made to one email address listed in clause 13.2.(b)(ii) will be treated as having been duly given or made to all email addresses in clause 13.2(b)(ii).

## **14. MISCELLANEOUS**

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### **14.1 No waiver**

A failure to exercise or a delay in exercising any right, power or remedy under this Agreement does not operate as a waiver. A single or partial exercise or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

### **14.2 Remedies cumulative**

The rights, powers and remedies provided to each party in this Agreement are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

### **14.3 Entire agreement**

This Agreement contains the entire agreement between the parties with respect to their subject matter. They set out the only conduct, representations, warranties, covenants, conditions, agreements or understandings (collectively **Conduct**) relied on by the parties and supersede all earlier Conduct by or between the parties in connection with their subject matter. Neither party has relied on or is relying on any other Conduct in entering into this Agreement and completing the transactions contemplated by it.

### **14.4 Amendment**

This Agreement may be amended only by another agreement executed by both parties.

#### **14.5 Assignment**

Neither party can assign, charge, encumber or otherwise deal with any of its rights or obligations under this Agreement, or attempt or purport to do so, without the prior written consent of the other party.

#### **14.6 No merger**

The rights and obligations of the parties will not merge on the completion of any transaction contemplated by this Agreement. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing a transaction.

#### **14.7 Further assurances**

Each party must do anything necessary (including executing agreements and documents) to give full effect to this Agreement and the transactions contemplated by it.

#### **14.8 Costs and duty**

Each party must bear its own costs arising out of the negotiation, preparation and execution of this Agreement. All duty (including stamp duty and any fines, penalties and interest) payable on or in connection with this Agreement and any instrument executed under or any transaction evidenced by this Agreement must be borne by Bidder.

#### **14.9 Severability of provisions**

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining provisions of this Agreement nor affect the validity or enforceability of that provision in any other jurisdiction

#### **14.10 Governing law and jurisdiction**

This Agreement is governed by the laws of the State of New South Wales and the Commonwealth of Australia. In relation to it and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there.

#### **14.11 Specific performance and injunctive relief**

Each party acknowledges that monetary damages alone may not be adequate compensation for a breach of this Agreement by another party including, without limitation, clause 8, and each party not in default is entitled to seek specific performance or injunctive relief from a court of competent jurisdiction as a remedy for any breach or threatened breach of this Agreement, in addition to any other remedies available at law or in equity under or independently of this Agreement.


#### **14.12 Counterparts**

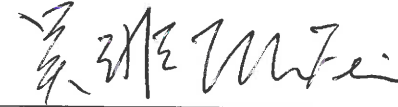
This Agreement may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

## EXECUTION

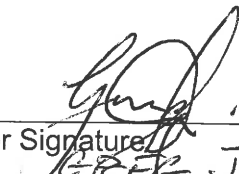
Each attorney executing this Agreement states that he or she has no notice of the revocation or suspension of his or her power of attorney.


**Executed by Queensland Mining Corporation Limited** in accordance with section 127 of the *Corporations Act 2001*:

  
\_\_\_\_\_  
Director Signature  
LAKSHMAN JAYAWGERA  
\_\_\_\_\_  
Print Name

  
\_\_\_\_\_  
Director/Secretary Signature  
Fei Wu  
\_\_\_\_\_  
Print Name

**Executed by and Moly Mines Limited** in accordance with section 127 of the *Corporations Act 2001*:

  
\_\_\_\_\_  
Director Signature  
GREG JONES  
\_\_\_\_\_  
Print Name

  
\_\_\_\_\_  
Director/Secretary Signature  
IVO POLOVINCO  
\_\_\_\_\_  
Print Name

## **SCHEDULE**

### **AGREED BID TERMS**

#### **1. Offer Price**

##### **Offer price**

- (a) Subject to paragraph 1(b) of this Schedule, the consideration to be offered in respect of each Bid Security under the Bid will be \$0.17 in cash; and
- (b) Bidder may deduct from the aggregate consideration payable to a Target Shareholder in respect of the acquisition of Bid Securities under the Bid, an amount up to the aggregate value of all accretions, rights and benefits of whatever kind attaching to or arising from the relevant Bid Securities directly or indirectly at or after the date of the Bidder's Statement (including all dividends and all rights to receive them and rights to receive or subscribe for shares, notes, bonds, options or other securities or entitlements declared, paid or issued by Target or any subsidiary of Target).

#### **2. Offer Period**

Subject to any extensions by Bidder or that arise automatically under the Corporations Act, the Offer Period will be not less than one month (unless the Offers are withdrawn during that period under section 652B of the Corporations Act).

#### **3. Offer Conditions**

The Offers and each contract that results from acceptance of the Offers will be subject to the fulfilment of the Defeating Conditions set out in Schedule 2 of the draft Bidder's Statement initialled by the parties and dated 15 December 2017.