

10 September 2018

ISSUED CAPITAL

Ordinary Shares: 528M

DIRECTORS

NON-EXECUTIVE CHAIRMAN:

Kevin Lines

NON-EXECUTIVE DIRECTORS:

Michael Bohm

David Southam

MANAGING DIRECTOR:

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10 September 2018
For Immediate Release

Ramelius announces takeover offer for Explaurum Limited

Highlights

- Scrip offer of \$0.123¹ per share, being a 66.2% premium to the last closing price of Explaurum shares²
- Explaurum Shareholders accepting the offer will become shareholders in a profitable and financially secure company³
- The Offer reduces significant financial and operational risks for Explaurum Shareholders
- Potential operational and capital cost synergies between Explaurum's Tampia Hill Project and Ramelius' Edna May mine, while maintaining exposure to ongoing exploration potential
- Diverse suite of Ramelius operations lowers operational and cashflow risk
- No minimum acceptance threshold

Overview

Ramelius Resources Limited (ASX:RMS) (**Ramelius**) is pleased to announce that it intends to make an off-market takeover bid (**Offer**) to acquire all of the ordinary shares of Explaurum Limited (ASX:EXU) (**Explaurum**), a gold exploration and development company focussed on the Tampia Hill Project, located near Narembeen, 240km east of Perth in Western Australia.

Under the Offer, Explaurum Shareholders will receive one (1) Ramelius share for every four (4) Explaurum shares held (**Offer Consideration**), valuing Explaurum shares at \$0.123 each, based on the 30-Day Volume Weighted Average Price (**VWAP**) of Ramelius shares as at 7 September 2018, which represents a premium of:

- 66.2 % to Explaurum's last closing price of A\$0.074 on 7 September
- 59.7 % to Explaurum's 10-Day VWAP of A\$0.077, up to and including 7 September
- 50.0 % to Explaurum's 30-Day VWAP of A\$0.082, up to and including 7 September

The Offer is subject to a limited number of conditions as set out below.

Further details about the Offer are contained in Ramelius' Bidder's Statement, which is expected to be despatched to Explaurum Shareholders by late September 2018. The Bidder's Statement sets out important information, including how to accept the Offer, information about Ramelius, and the key reasons as to why Explaurum Shareholders should accept the Offer.

¹ Based on a 30-Day VWAP of Ramelius shares as at 7 September 2018 of A\$0.492 per share

² Based on 0.074 per share

³ Explaurum Shareholders outside of Australia and New Zealand will not be eligible to receive Ramelius Shares as part of the offer, please refer to the Bidder's Statement for further details and information in this regard.

Discussions with Explaurum

Ramelius has attempted on a number of occasions to engage in a dialogue directly with the directors of Explaurum in an effort to jointly explore a recommended deal that would be priced and structured in the best interests of both EXU and RMS shareholders. However, we have not been able to come to an agreement so consequently, in light of the compelling nature of the offer, Ramelius has decided to put its offer directly to Explaurum shareholders for consideration.

Offer Rationale

Ramelius believes that the combination of the two companies represents a compelling argument for mutually enhanced shareholder value, in particular:

- Explaurum Shareholders will become shareholders in a profitable, financially secure company with a stable platform of established Australian mines managed by a high-quality team:
 - In FY18 Ramelius produced 208,118 ounces of fine gold at an All In Sustaining Cost (AISC) of A\$1,191/oz and recorded a Net Profit after Tax for the Financial Year of \$30.8 million;
 - As at 30 June 2018 held A\$95.5 million in cash and gold bullion with no debt; and
 - FY2019 is forecast to be another very strong year with gold production of approximately 200,000-220,000 ounces at an AISC of A\$1,150-\$1,250/oz.
- Given Explaurum's current market capitalisation, and the capital funding requirements for the Tampia Hill Project, the Offer reduces risks associated with remaining an Explaurum Shareholder, specifically:
 - Uncertainty over access to debt funding for the Tampia Hill Project;
 - The potential for significant shareholder dilution via a project level equity raising;
 - Assuming it can be established, potential for high debt levels needing to be serviced via a single asset operation; and
 - Plant design, construction, commissioning, and mining risks.
- The proximity of the Edna May mine to Explaurum's Tampia Hill Project provides potential to realise significant capital cost savings and operational synergies while maintaining exposure to ongoing exploration potential:
 - On attaining effective control of Explaurum, the Ramelius Board intends to undertake a comprehensive Strategic Review, which has the potential to determine alternate, quicker paths to first cash flow from the Tampia Hill Project; and
 - The acquisition of the Tampia Hill Project also provides Ramelius with potential for increased flexibility around the timing and scheduling of mining operations at Edna May.
- Lower operational and cashflow risk from a diverse suite of Ramelius operations: Shareholders of Explaurum will benefit from having access to cash flow generating assets at Edna May, Mt Magnet and Vivien, while remaining exposed to the Tampia Hill Project through being a shareholder of the enlarged Merged Group.

Managing Director, Mark Zeptner, said of the Offer: *"There is clear logic in the combination of Explaurum's assets with Ramelius' WA operations. After the successful acquisition of Edna May last year, Ramelius is focussed on building on its growth strategy to extend mine life and maximise the value of existing infrastructure in its portfolio. This compelling offer is the next step in that growth strategy and is expected to provide significant benefits to both Explaurum and Ramelius Shareholders."*

A toll-free information line has been established for the purposes of the Offer. Shareholders can contact the Offer Information Line on 1800 237 687 (within Australia) or +61 1800 237 687 (from outside of Australia), Monday to Friday between 8.30am to 5.30pm (WST).

Ramelius has engaged Adelaide Equity Partners Ltd and Allion Partners as financial and legal advisors to this transaction respectively.

Investor enquiries:

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About Explaurum

Explaurum is an Australian mining, exploration and development company listed on the ASX under the code "EXU". Explaurum's principal asset is the Tampia Hill project located in the wheat belt of Western Australia, approximately 240km east of Perth (Tampia Hill Project).

The company owns a 90% interest in two mining leases and a surrounding exploration licence through a joint venture, plus a 100% interest in eight additional exploration licences that complement the original tenure (refer Figure 1).



Figure 1: Location of Tampia Gold Project

The results of the Tampia Hill Project's feasibility study (**Feasibility Study**) were released by Explaurum to the ASX on 30 May 2018. The Feasibility Study was based on a Mineral Resource of 11.7 million tonnes at 1.79 g/t Au for a total Resource of 675,000 ounces of gold, classified and reported in accordance with the JORC Code (2012). Reported Ore Reserves are 7.2 million tonnes at 2.09 g/t Au for 485,000 ounces of gold.

About Ramelius

Ramelius owns and operates the Mt Magnet, Edna May and Vivien gold mines, all in Western Australia (refer Figure 2).

Ore from the high-grade Vivien underground mine, located near Leonster, is trucked to the Mt Magnet processing plant where it is blended with ore from both underground and open pit sources.

The Edna May operation, purchased from Evolution Mining Limited in October 2017, is currently a single open pit operation feeding an adjacent processing plant.



Figure 2: Ramelius' Operations & Development Project Locations

Ramelius reported excellent financial and record breaking operational performances for Financial Year 2018. The Company reported Net Profit before Tax of A\$45.5M, the fourth consecutive annual profit reported by the company and an 81% increase on the Financial Year 2017 pre-tax profit.

The financial performance was achieved on the back of record production of 208,118 ounces of gold at an AISC of A\$1,191/oz for the year. Further to this, Ramelius has forecast to produce 200,000-220,000 ounces of gold at an AISC of A\$1,150-\$1,250/oz for the 2019 Financial Year.

Bid Conditions

a) No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- 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 Ramelius or any Associate of Ramelius),

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 the Bidder's Statement or which requires the divestiture by Ramelius of any Explaurum Shares or any material assets of Ramelius or any of its Subsidiaries.

b) Gold price

The spot gold price for gold as quoted on Bloomberg does not fall below A\$1,350 per ounce at any time during a day for three consecutive days between the Announcement Date and the end of the Offer Period (each inclusive).

c) No persons exercising rights under certain agreements or instruments

Between the Announcement Date and the end of the Offer Period, no person exercises any rights under any provision of any agreement or other instrument to which a member of the Explaurum Group is a party, or by or to which a member of the Explaurum Group or any of its Assets may be bound or be subject to:

- i. require monies borrowed by, or other financial accommodation provided to, a member of the Explaurum Group to be paid or repaid immediately or earlier than the repayment or maturity date stated in such agreement or other instrument;
- ii. terminate or modify any such agreement or instrument or require that any action be taken thereunder (including the acceleration of the performance of any obligation thereunder);
- iii. terminate or modify the interest of a member of the Explaurum Group in any farm-in, farm-out, partnership, joint venture, trust, corporation or other entity (or any arrangements relating to such interest); or
- iv. require that any Assets, shares or business of a member of the Explaurum Group be sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions, as a result of the acquisition of Explaurum Group Shares by Ramelius.

d) No change of control rights

Between the Announcement Date and the end of the Offer Period, no person has or will have any right as a result of Ramelius making the Offer or announcing its intention to make the Offer, or acquiring Explaurum Shares under the Offer, to:

- i. acquire, or require the disposal of, or require any entity within the Explaurum Group to offer to dispose of, any Assets, shares or business of any entity within the Explaurum Group;
- ii. terminate, or vary the terms of performance of, any agreement with any entity within the Explaurum Group; or
- iii. terminate, or vary the terms of any material approvals, licenses or permits issued by any Government Agency to any entity within the Explaurum Group.

e) **Material adverse change**

- i. Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs (whether or not becoming public):
 - A. an Event (including a decision of a Government Agency or a change in law) occurs or will or is reasonably likely to occur;
 - B. information is disclosed or announced by Explaurum concerning any Event; or
 - C. information concerning any Event becomes known to Ramelius (whether or not becoming public),
(each of (A), (B) and (C) a **Specified Event**) which, whether individually or when aggregated with all such Events (including a decision of a Government Agency or a change in law) of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:
 - D. a material adverse effect on the business, Assets, liabilities, financial or trading position, profitability or prospects of the Explaurum Group taken as a whole; or
 - E. without limiting the generality of the previous clause:
 - 1) the effect of a diminution in the value of the consolidated net assets of the Explaurum Group, taken as a whole, by at least A\$1 million against what it would reasonably have been expected to have been but for such Specified Event; or
 - 2) the effect of impairing, terminating or otherwise adversely affecting or changing any Mining Tenement or any Authorisation in connection with any Mining Tenement.
- ii. A Specified Event shall not include an Event:
 - A. fully and fairly disclosed by Explaurum on the ASX within 6 months prior to the Announcement Date;
 - B. relating to the state of securities markets in general; or
 - C. resulting from any changes generally affecting the gold mining industry which impact Explaurum and its competitors in a similar matter.
- iii. In this condition, “**Event**” means any event, change, condition, matter, occurrence, development or thing.

f) **No material acquisitions, disposals, cancellations or new commitments**

Except for any proposed transaction or item fully and fairly disclosed by Explaurum on the ASX within 6 months prior to the Announcement Date, none of the following events occur between the Announcement Date and the end of the Offer Period:

- i. Explaurum or another member of the Explaurum Group acquires, offers to acquire or agrees to acquire one or more companies, businesses or Assets (or any interest in one or more companies, businesses or Assets including by way of joint venture or partnership) for an amount or consideration in excess of A\$1 million for any individual item or in excess of A\$1 million in aggregate;
- ii. Explaurum or another member of the Explaurum Group disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or Assets (or any interest in one or more companies, businesses or Assets) either:
 - A. for an amount or consideration in excess of A\$1 million for any individual item or in excess of A\$1 million in aggregate; or
 - B. relating in any way to the Tampia Hill Project.

- iii. a member of the Explaurum Group enters into or agrees to enter into any farm-in, farm-out, joint venture or partnership or other agreement that requires or is reasonably likely to involve payments, expenditure or the foregoing of revenue, by a member of the Explaurum Group in excess of A\$1 million in aggregate other than in the ordinary course of business;
- iv. a member of the Explaurum Group enters into or agrees to enter into any form of agreement, whether binding or otherwise, with respect to the financing, engineering, procurement, construction or development of the Tampia Hill Project or announces an intention to do so; or
- v. a Mining Tenement granted to or held by any member of the Explaurum Group is revoked, surrendered, relinquished or terminated or a member of the Explaurum Group agrees to the same without there being a reasonable likelihood of such tenement, permit or licence being allowed to continue, renewed or extended on terms which are no less favourable to the member of the Explaurum Group.

g) Prescribed occurrences

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

- i. Explaurum converting all or any of the Explaurum Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- ii. Explaurum or any of its Subsidiaries resolving to reduce its share capital in any way;
- iii. Explaurum or any of its Subsidiaries entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257D(1) of the Corporations Act;
- iv. Explaurum or any of its Subsidiaries:
 - A. issuing shares (other than Explaurum Shares issued as a result of the exercise of Explaurum Options or the Explaurum Performance Rights);
 - B. granting an option over its shares; or
 - C. agreeing to make such an issue or grant such an option;
- v. Explaurum or any of its Subsidiaries issuing, or agreeing to issue, convertible notes;
- vi. Explaurum or any of its Subsidiaries disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- vii. Explaurum or any of its Subsidiaries granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- viii. Explaurum or any of its Subsidiaries resolving that it be wound up;
- ix. the appointment of a liquidator or provisional liquidator of Explaurum or any of its Subsidiaries;
- x. the making of an order by a court for the winding up of Explaurum or any of its Subsidiaries;
- xi. an administrator of Explaurum or any of its Subsidiaries being appointed under section 436A, 436B or 436C of the Corporations Act;
- xii. Explaurum or any of its Subsidiaries executing a deed of company arrangement; or
- xiii. the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Explaurum or any of its Subsidiaries.

h) Statements to the ASX

Between the Announcement Date and the end of the Offer Period (each inclusive), there not having occurred or been announced or become known to Ramelius or Explaurum that information announced by Explaurum to ASX prior to the Announcement Date and the end of the Offer Period (each inclusive) is, or is likely to be, incomplete, incorrect, untrue or misleading in a material respect (including by omission) such that Ramelius might reasonably be expected to have not proceeded with the Offer at all or would have proceeded with the Offer on materially different terms.

i) Conduct of business

Between the Announcement Date and the end of the Offer Period (each inclusive) neither Explaurum 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 and in any event for an amount exceeding A\$1 million in aggregate;
- iv. provides a guarantee or indemnity or both to a third party for an amount that exceeds A\$1 million;
- v. creates any Security Interest over the whole or a substantial part of its business or Assets (other than a lien which arises by operation of law securing an obligation not yet due and consistent with past practice);
- vi. enters into any contract or commitment involving revenue or expenditure of more than A\$1 million over the term of the contract or commitment;
- vii. terminates, amends, waives or otherwise foregoes rights under any contract material to the conduct of the Explaurum Group's business or Assets or which involves revenue or expenditure of more than A\$1 million over the term of the contract or commitment;
- viii. acquires, offers to acquire, agrees to acquire or acquires any one or more businesses, Mining Tenements assets, entities or undertakings valued at, or involving a financial commitment of more than A\$1 million (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
- ix. conducts its business otherwise than in the ordinary course.

j) No litigation on foot or pending

Between the Announcement Date and the end of the Offer Period (each inclusive) no litigation, claim, action or proceeding is pending or in progress, is commenced, is threatened to be commenced, is announced, or is made known to Ramelius (whether or not becoming public) or Explaurum, against any member of the Explaurum Group, which may result in a judgement of A\$1 million or more, other than that which is in the public domain as at the Announcement Date.

k) Mining Tenements

Between the Announcement Date and the end of the Offer Period (each inclusive), otherwise than in the ordinary course of business, neither Explaurum 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, marketing or off-take agreement) in relation to any Mining Tenement;
- ii. relinquishes, sells or disposes of any interest or creates any Security Interest over any of its Mining 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 its Mining 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 its Mining Tenements or any Authorisation relating to any of its Mining Tenements,

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

l) Other persons acquiring a Relevant Interest

Prior to the end of the Offer Period, no person or persons (other than Ramelius and its Associates) acquire a Relevant Interest in 20% of more of the Explaurum Shares on issue.

Defined Terms

Announcement Date means the date of the announcement of the Offer by Ramelius on the ASX, being 10 September 2018.

Asset means the assets of the Explaurum Group including the Tampia Hill Project and any and all Mining Tenements.

Associate has the meaning set out in section 12 of the Corporations Act as if subsection 12(1) of the Corporations Act included a reference to this document and Explaurum was the designated body.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited and where the context requires, the Australian Securities Exchange.

Authorisation means any approval, licence, consent, authority or permit.

Bidder's Statement means the statement of Ramelius under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

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

Explaurum means Explaurum Limited ABN 50 114 175 138.

Explaurum Group means the Explaurum and each of its Subsidiaries.

Explaurum Options means an option issued by the Explaurum to acquire an Explaurum Share.

Explaurum Performance Rights means a performance right issued by the Explaurum to acquire an Explaurum Share.

Explaurum Share means a fully paid ordinary share in the Explaurum.

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.

Offer means the offer for Explaurum Shares under the terms and conditions set out above and to be contained in the Bidder's Statement.

Offer Period means the period during which the Offer is open for acceptance in accordance with the Bidder's Statement.

Mining Tenement means any interest (including as holder, owner, operator or joint venturer) in a mining tenement, lease, licence, permit or similar and includes any extension, renewal, modification, replacement or substitution of the whole or any part thereof.

Ramelius means Ramelius Resources Limited ABN 51 001 717 540.

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

Security Interest means an interest or power:

- (a) reserved in or over an interest in any asset; or
- (b) created or otherwise arising in or over any interest in any asset under a security agreement, a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to:

- (c) any agreement to grant or create any of the above; and
- (d) a security interest within the meaning of section 12(1) of the *Personal Property Securities Act 2009* (Cth).

Subsidiary has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

Takeovers Panel means the Takeovers Panel referred to in Division 2, Part 6.10 of the Corporations Act.

Tampia Hill Project means Explaurum's gold project located at Tampia Hill, Western Australia.