

# Australian Securities Exchange Notice



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THIS ANNOUNCEMENT IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.5 OF THE IRISH TAKEOVER PANEL ACT 1997, TAKEOVER RULES, 2013 (THE "IRISH TAKEOVER RULES")

30 April 2015

## POTENTIAL ACQUISITION OF KENMARE RESOURCES PLC BY ILUKA RESOURCES LIMITED

### Summary

- Iluka has provided Kenmare with a revised, non-binding proposal relating to a potential acquisition of Kenmare by Iluka through an all-share exchange offer.
- Iluka and Kenmare have agreed a series of steps and target deadlines towards satisfying the pre-conditions set out in the Proposal.
- If implemented, the combination would:
  - (i) consolidate complementary assets, reserves and skills;
  - (ii) enhance current and future production flexibility, product range and marketing effectiveness; and
  - (iii) bring to bear Iluka's industry-specific technical expertise, and market knowledge, access and reach to improve Kenmare's operations for the benefit of all stakeholders.

### Proposal

Iluka Resources Limited ("Iluka") has provided Kenmare Resources plc ("Kenmare") with a revised, non-binding proposal to acquire Kenmare through an all-share exchange offer (the "Proposal"). Under the terms of the Proposal, Kenmare shareholders would be entitled to receive 0.016 new Iluka shares for each Kenmare share.

On the basis of Iluka's share price of A\$8.16 as of 30 April 2015, the terms of the Proposal represent an indicative offer price of 6.8 pence per Kenmare share or €0.094 per Kenmare share. They value the entire issued and to be issued share capital of Kenmare at £189 million (or €262 million, US\$294 million or A\$363 million). This would result in Kenmare shareholders holding 9.6% of the enlarged entity.

The Proposal contains a number of pre-conditions that must be satisfied or waived prior to Iluka announcing or completing a firm intention offer under Rule 2.5 of the Irish Takeover Rules, as outlined below. Iluka and Kenmare have agreed a series of steps and target deadlines towards the satisfaction of these pre-conditions.

## **Pre-Conditions to Firm Intention Offer Announcement**

The following pre-conditions must be satisfied or waived prior to Iluka announcing or completing a firm intention (and binding) offer under Rule 2.5 of the Irish Takeover Rules. (Pursuant to the Irish Takeover Rules, the announcement of an offer under Rule 2.5 represents a firm intention to make an offer and is binding on the offeror, subject to the conditions of the offer). Iluka and Kenmare have agreed a series of steps towards the satisfaction of these pre-conditions. There can be no certainty that any offer will be made (or the terms of such offer) even if these pre-conditions are waived or satisfied, and Iluka is not bound to proceed with any offer as a result of this announcement.

- Written confirmation, in a form satisfactory to Iluka, of the Mozambique Minister's consent for the purposes of the Mineral Licensing Contract and the Implementation Agreement, including no changes being made to the foundation agreements;
- Written determination, in a form satisfactory to Iluka, from the Mozambique Tax Authority for any capital gains tax liability;
- The unanimous recommendation of any proposed offer to Kenmare shareholders by the Board of Kenmare and irrevocable undertakings in support of any proposed offer by the Directors of Kenmare over all of the Kenmare shares that they beneficially own or control;
- Receipt of irrevocable undertakings in support of any proposed offer from certain Kenmare institutional shareholders;
- Written confirmation (not conditional on credit committee / board approval) from Kenmare's lenders on the specific terms (including but not limited to the waiver of all prepayment penalties and fees associated with Kenmare's recent debt restructure and new facility) of repayment of Kenmare's outstanding indebtedness upon a change of control of Kenmare (which would be financed using Iluka's undrawn existing facilities);
- Kenmare and Iluka agreeing customary documentation for a transaction of this nature, including but not limited to an implementation agreement and expense reimbursement agreement;
- The provision of certain confirmatory due diligence information; and
- Final approval of the proposed transaction from the Board of Iluka immediately prior to a firm intention offer announcement.

For the avoidance of doubt, Iluka reserves the right to make an offer at any time on less favourable terms to those summarised in this announcement:

- with the agreement or recommendation of the Board of Kenmare (in the event that a lower offer price is deemed to be in the best interests of Kenmare shareholders by the Board of Kenmare);
- if and to the extent that Kenmare declares, makes or pays any dividend or other return of capital to its shareholders, with a € for € adjustment reduction equal to the amount of such dividend or return of capital;
- if a third party announces a firm intention to make an offer for Kenmare at a lower value than Iluka's offer; or
- following the announcement by Kenmare of a whitewash transaction under the Takeover Rules.

## Position of the Kenmare Directors

Iluka notes that the Board of Kenmare, having taken independent advice and subject to its fiduciary duties, believes that it is in Kenmare's shareholders' and other stakeholders' interests for Kenmare to continue to work with Iluka towards satisfaction of the pre-conditions to Iluka's proposal.

Iluka will provide further detail of the combination, including the strategic rationale, financial merit and planned integration activities, if the transaction proceeds.

## Investment market and media enquiries:

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## IMPORTANT NOTICES

*The Directors of Iluka accept responsibility for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise. The distribution of this announcement in jurisdictions outside Ireland or the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.*

*A person interested in 1% or more of any class of relevant securities of Kenmare or Iluka may have disclosure obligations under Rule 8.3 of the Irish Takeover Rules. This requirement will continue until the offer period ends.*

*A copy of this announcement will be available on the Iluka website at [www.iluka.com](http://www.iluka.com)*

## Sources and Bases

The values presented in this announcement are calculated using:

An AUD / GBP exchange rate of 0.52;  
An AUD / EUR exchange rate of 0.72;  
An AUD / USD exchange rate of 0.81; and  
2,781,905,503 Kenmare shares outstanding on a diluted basis

each as of 29 April 2015.