

**BIDDER'S STATEMENT**

# ACCEPT THE CASH OFFER

by **ERAMET SA**

to acquire all of your shares in  
**Mineral Deposits Limited**

ABN 19 064 377 420

for **\$1.46 cash per Share**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONTACT YOUR BROKER, FINANCIAL ADVISER OR LEGAL ADVISER IMMEDIATELY.

If you have any questions about this Bidder's Statement, please call the Offer Information Line on 1800 218 694 (toll-free within Australia) or +61 1800 218 694 (from outside Australia).



MACQUARIE

FINANCIAL ADVISER



HERBERT  
SMITH  
FREEHILLS

LEGAL ADVISER



**ERAMET**

## Nature of this document

This document is a replacement Bidder's Statement and is issued by ERAMET SA (French company No. 632 045 381) under Part 6.5 of the Corporations Act (as modified by ASIC Class Order [CO 13/528] and the additional relief described in section 8.5).

This replacement Bidder's Statement is dated 14 May 2018 and a copy of this replacement Bidder's Statement was lodged with ASIC on 14 May 2018.

This replacement Bidder's Statement replaces the original Bidder's Statement lodged with ASIC on 27 April 2018.

Neither ASIC nor its officers take any responsibility for the content of this replacement Bidder's Statement.

## No account of your personal circumstances

In preparing this Bidder's Statement, ERAMET has not taken into account the individual objectives, financial situation or needs of individual MDL shareholders. Accordingly, before making a decision whether or not to accept the Offer, you may wish to consult with your broker, financial, legal, taxation or other professional adviser.

## Disclaimer as to forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements or based on forecast information. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which the MDL Group, ERAMET and the members of the ERAMET Group operate as well as general economic conditions, prevailing

exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of ERAMET, any other ERAMET Group Member, any director, officer or employee of ERAMET, or any other ERAMET Group Member, any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement or statement based on forecast information, or any events or results expressed or implied in any such statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement or statement based on forecast information, and should note that such statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

## Disclaimer as to MDL's information

Other than as specifically noted in section 3, the information on MDL, MDL's securities and the MDL Group contained in this Bidder's Statement has been prepared by ERAMET using publicly available information and the information in this Bidder's Statement concerning MDL's business has not been independently verified by ERAMET. Accordingly ERAMET does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Further information relating to MDL's business may be included in MDL's Target's Statement which MDL must provide to its shareholders in response to this Bidder's Statement.

## Privacy

ERAMET has collected your information from the MDL register of shareholders for the purpose of making this Offer and, if accepted, administering a record of your acceptance of the Offer for Your Shares. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to ERAMET's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC.

If you would like details of information about you held by ERAMET, please contact ERAMET at 33, avenue du Maine, 75755 Paris Cedex 15, France or call the Offer Information Line.

## Financial amounts

All financial amounts in this Bidder's Statement are expressed in Australian currency unless otherwise stated.

## Effect of rounding

A number of amounts, percentages, prices, estimates and other figures in this Bidder's Statement are subject to the effect of rounding. Accordingly, actual numbers may differ from those set out in the Bidder's Statement.

## Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 10 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Unless the context requires otherwise, references in this document to "this Bidder's Statement", "the date of this Bidder's Statement" or similar expressions are references to this replacement Bidder's Statement dated 14 May 2018.

# KEY DATES

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Date of the original Bidder's Statement	27 April 2018.
Date of this replacement Bidder's Statement	14 May 2018.
Date of Offer	14 May 2018.
Offer closes (unless extended or withdrawn)	7:00pm (Sydney time) on 21 June 2018.

# KEY CONTACTS

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Share registrar for the Offer	Offer Information Line*
<b>Link Market Services</b>	1800 218 694 (toll-free within Australia)
Level 12, 680 George Street Sydney NSW 2000	+61 1800 218 694 (from outside Australia)
	* Calls to these numbers may be recorded.

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# CHAIRMAN'S LETTER

14 May 2018

Dear MDL Shareholder

## Takeover bid for MDL

On behalf of ERAMET SA, I am pleased to provide you with this offer to acquire all of your shares in Mineral Deposits Limited (**MDL**).

ERAMET is offering to acquire all of the shares in MDL that it does not already own for the attractive cash price of \$1.46 per share (**Offer**).

As part of the Offer, ERAMET has acquired a relevant interest in 13.3% of MDL Shares on issue from key institutional shareholders of MDL at the same price as the Offer Price. This includes the acquisition of 8.0% via outright purchases and execution of a pre-bid acceptance agreement in relation to an additional 5.3% of MDL Shares on issue. After the announcement of the Offer on 27 April 2018, ERAMET acquired an additional 0.08% of MDL Shares.

ERAMET and MDL have each held a 50% interest in the TiZir Joint Venture since 2011. ERAMET is now seeking to increase its exposure to TiZir by consolidating the joint venture through this transaction.

The Offer provides MDL shareholders with compelling value and certainty at this point in time.

The Offer Price of \$1.46 per share represents an attractive premium to MDL's historical trading prices. Based on the price of MDL shares up to and including 26 April 2018, the last trading day prior to the Announcement Date, the Offer Price represents a premium of:

- 26% to \$1.16, the last closing price of MDL shares;
- 33% to \$1.10, the one-month Volume Weighted Average Price (**VWAP**)<sup>1</sup> of MDL shares;
- 30% to \$1.13, the three-month VWAP of MDL shares; and
- 37% to \$1.07, the six-month VWAP of MDL shares.

This premium is being provided to MDL shareholders after the MDL share price has experienced recent substantial growth, including 119% in the year up to and including 26 April 2018 (the last trading day prior to the Announcement Date).<sup>2</sup>

In addition, the Offer provides MDL shareholders with cash certainty compared to the uncertainty you may face if you remain an MDL shareholder, given the volatility in the mineral sands industry, TiZir Limited's high financial leverage and MDL's limited trading liquidity. Furthermore, MDL has not reported an annual net profit in over five years and has not paid a dividend since it commenced trading as MDL on the ASX in 1999.

The Offer is fully funded from ERAMET's existing cash reserves and subject to only limited conditions, including a 50.01% minimum acceptance condition. The full list of conditions is set out in section 9.7 of this Bidder's Statement.

I encourage you to read this Bidder's Statement carefully and in full, and to accept this attractive offer for the reasons outlined in this Bidder's Statement.

The Offer is open for acceptance until 7.00pm (Sydney time) on 21 June 2018, unless extended.

Instructions on how to accept the Offer are set out in section 9.3 and in the enclosed Acceptance Form. If you have any questions, please contact the Offer Information Line on 1800 218 694 (callers within Australia) or +61 1800 218 694 (callers outside Australia).

Thank you for your consideration.

Yours sincerely,



**Christel Bories**  
Chairman and Chief Executive Officer  
ERAMET SA

1 VWAPs in this Bidder's Statement are calculated on the basis of ASX trading data sourced from IRESS calculated over the specified period.  
2 MDL share price growth calculated on the basis of MDL's closing share price of 26 April 2018 (the last trading day prior to the Announcement Date) (\$1.16) compared against MDL's closing share price of 26 April 2017 (\$0.53).

# WHY YOU SHOULD ACCEPT THE OFFER

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- 1** The Offer represents attractive value for Your Shares

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- 2** The Offer provides you with certainty compared to the risks associated with an investment in MDL

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- 3** ERAMET has acquired a Relevant Interest in 13.3% from some of MDL's largest shareholders

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- 4** MDL's share price may fall if the Offer is not successful

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- 5** No brokerage or stamp duty in accepting the Offer

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# WHY YOU SHOULD ACCEPT THE OFFER

## 1. The Offer represents attractive value for Your Shares

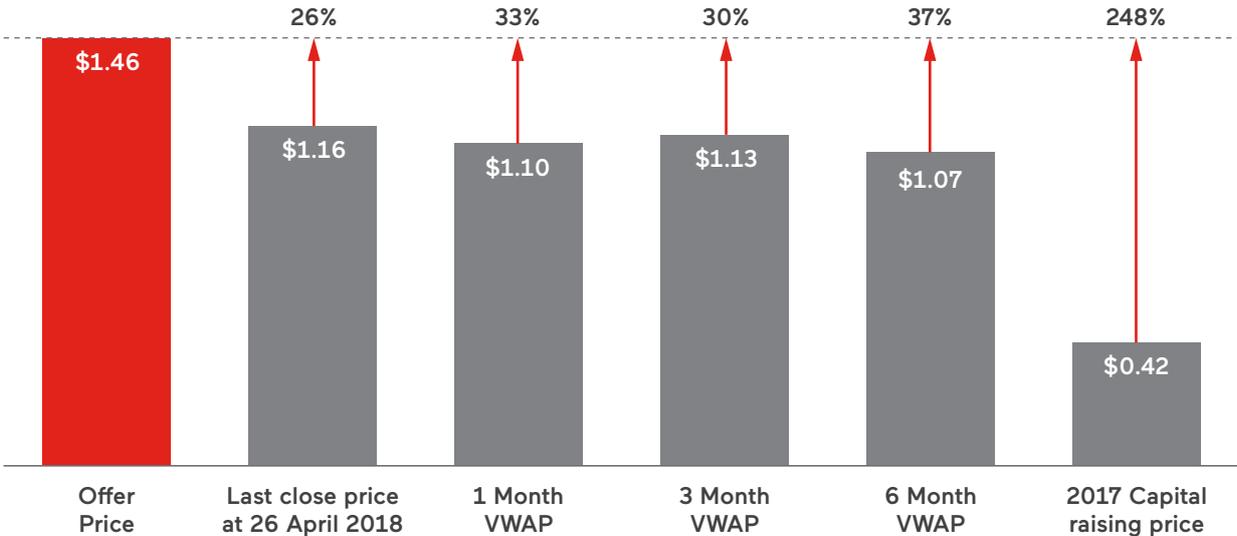
The Offer Price of \$1.46 cash per Share represents an attractive premium relative to recent trading prices of the Shares.

Based on the price of the Shares up to and including 26 April 2018, the last trading day prior to the Announcement Date, the Offer Price represents a premium of:

- 26% to \$1.16, the last closing price of the Shares;
- 33% to \$1.10, the one-month volume weighted average price (VWAP) of the Shares;
- 30% to \$1.13, the three-month VWAP of the Shares; and
- 37% to \$1.07, the six-month VWAP of the Shares.

In addition, the Offer Price represents a premium of 248% to the issue price of \$0.42 per share under MDL’s capital raising in March 2017.

**FIGURE 1: OFFER PREMIUM RELATIVE TO RECENT TRADING PRICES PRIOR TO THE ANNOUNCEMENT DATE**



Source: IRESS.

This premium is being provided to MDL shareholders after the Share price has experienced recent substantial growth, including 119% in the year up to and including the last trading day prior to the Announcement Date. Accordingly, ERAMET believes that many MDL shareholders stand to make substantial gains from the Offer when combined with the recent strong growth in the Share price.

ERAMET notes that the MDL share price has traded at levels above the Offer Price following the announcement of the Offer on 27 April 2018. However, ERAMET believes that the share price increase has been a direct response to the Offer and that the MDL share price may trade at a material discount to the Offer Price if the Offer does not proceed and no alternative transaction emerges.

# WHY YOU SHOULD ACCEPT THE OFFER

## 2. The Offer provides you with certainty compared to the risks associated with an investment in MDL

The Offer provides you with the certainty of an all-cash offer subject to limited conditions.

In comparison, if you remain a shareholder in MDL, the future value of Your Shares would be exposed to a number of risks including:

- the lack of diversification of MDL's asset portfolio, given MDL's only significant asset is its investment in the TiZir Joint Venture;
- the potential impact of operating risks and the volatility of commodity prices (in particular zircon, ilmenite, rutile, leucoxene and titanium products) on MDL's profitability;
- the high financial leverage of the TiZir Group, which, as at 31 March 2018, had total net debt (excluding shareholder loans) of US\$324 million, noting MDL's 50% exposure to this net debt is US\$162 million, compared to MDL's market capitalisation of US\$173 million<sup>3</sup> as at the Last Practicable Date; and
- the limited liquidity in the trading of MDL Shares, which may impact the ability of MDL shareholders to sell their MDL Shares without having an adverse impact on the share price received in the sale of those shares.

As a result, MDL shareholders may find it difficult to realise a fair cash return for their MDL Shares in the absence of either accepting the Offer or any competing offer.

Indicative of these risks is the fact that:

- MDL has made a net loss after tax in each financial year since 2012 (with net losses of US\$27.1 million and US\$20.6 million in the 2016 and 2017 financial years respectively);
- MDL has not paid a dividend since the company commenced trading as MDL on the ASX in 1999; and
- over the past 12 months up to and including 26 April 2018 (the last trading day prior to the Announcement Date), the average daily trading volume of MDL Shares was only 0.2% of total shares on issue. This represents average daily turnover of less than \$300,000.

## 3. ERAMET has acquired a Relevant Interest in 13.3% from some of MDL's largest shareholders

The Offer Price is the same as the price at which some of MDL's largest shareholders have sold Shares to ERAMET on the Announcement Date.

ERAMET has acquired a Relevant Interest in 13.3% of MDL from key institutional shareholders of MDL, comprising:

- unconditional purchases of 8.0% of MDL Shares on issue<sup>4</sup> from key MDL shareholders at the Offer Price of \$1.46 per Share; and
- entry into a pre-bid acceptance deed in relation to 5.3% of MDL Shares on issue<sup>5</sup> with Ellerston Capital Limited. As further detailed in section 4.6, Ellerston Capital Limited has agreed to accept the Offer for these Shares subject to the terms and conditions of the pre-bid acceptance deed.

After the announcement of the Offer on 27 April 2018, ERAMET acquired an additional 0.08% of MDL Shares.

<sup>3</sup> Equal to \$228 million converted at the AUD:USD exchange rate of 0.76 as at the Last Practicable Date. Source: IRESS.

<sup>4</sup> Based on 196,985,649 Shares on issue as at the Announcement Date.

<sup>5</sup> See note above.

# WHY YOU SHOULD ACCEPT THE OFFER

## 4. MDL’s share price may fall if the Offer is not successful

The Offer is at an attractive premium to the historical trading prices of the Shares prior to the announcement of the Offer.

As a result, if the Offer does not proceed and no alternative transaction is proposed, MDL’s share price may fall significantly and trade at a material discount to the Offer Price.

If the Offer becomes unconditional but ERAMET does not acquire 100% of MDL, then, depending on the circumstances at the relevant time, the liquidity of the Shares may be substantially reduced which would further reduce your ability to readily dispose of Your Shares in the future.

**FIGURE 2: MDL HISTORICAL SHARE PRICE PERFORMANCE PRIOR TO THE ANNOUNCEMENT DATE**



Source: IRESS

ERAMET notes that the MDL share price has traded at levels above the Offer Price following the announcement of the Offer on 27 April 2018. However, ERAMET believes that the share price increase has been a direct response to the Offer and that the MDL share price may trade at a material discount to the Offer Price if the Offer does not proceed and no alternative transaction emerges.

## 5. No brokerage or stamp duty in accepting the Offer

In addition to the attractive premium in the Offer Price, you will not be obliged to pay stamp duty if you accept the Offer.

If Your Shares are registered in an Issuer Sponsored Holding, you will not incur any brokerage fees in accepting the Offer. If Your Shares are registered in a CHESSE Holding, you will generally not incur any brokerage fees in accepting the Offer (although you should ask your Controlling Participant, normally your broker, to confirm).

If you sell Your Shares on the ASX instead of accepting the Offer, you may incur brokerage fees (and potentially GST on those fees).

**1.**

**SUMMARY  
OF THE  
OFFER**

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# SUMMARY OF THE OFFER

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The information in this section 1 is a summary only of the Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement.

You should read this Bidder's Statement in its entirety before deciding whether to accept the Offer. If you have any doubt as to how to deal with this document, please consult your financial, legal, taxation or other professional adviser.

The terms and conditions of the Offer are contained in section 9 of this Bidder's Statement.

## 1.1 FREQUENTLY ASKED QUESTIONS

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<b>What is the Offer?</b>	<p>ERAMET is offering to buy all of the Shares, including Shares that are issued during the Offer Period due to the vesting and exercise of Performance Rights and 2018 Performance Rights, into Shares, on the terms set out in this Bidder's Statement.</p> <p>You may only accept this Offer in respect of all of Your Shares.</p>
<b>What will you receive if you accept the Offer?</b>	<p>If you accept the Offer you will be paid \$1.46 cash for each of Your Shares, subject to the satisfaction or waiver of the conditions to the Offer.</p>
<b>When will you be paid?</b>	<p>Generally, ERAMET will pay the consideration due to you under the Offer on or before the earlier of:</p> <ul style="list-style-type: none"><li>■ one month after you accept the Offer or one month after all of the conditions have been freed or fulfilled (whichever is the later); and</li><li>■ 21 days after the end of the Offer Period.</li></ul> <p>Full details of when payments will be made are set out in section 9.6(a) of this Bidder's Statement.</p>
<b>When does the Offer close?</b>	<p>The Offer closes at 7:00pm (Sydney time) on 21 June 2018, unless it is extended or withdrawn.</p>
<b>What are the conditions to the Offer?</b>	<p>The Offer is subject to the following conditions:</p> <ul style="list-style-type: none"><li>■ a minimum 50.01% acceptance;</li><li>■ no regulatory actions;</li><li>■ no material adverse change;</li><li>■ no material acquisitions, disposals or other matters; and</li><li>■ no prescribed occurrences.</li></ul> <p>ERAMET has obtained Foreign Investment Review Board approval for the Offer.</p> <p>Full terms of the conditions are set out in section 9.7 of this Bidder's Statement.</p>

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# SUMMARY OF THE OFFER

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<b>What happens if the conditions of the Offer are not satisfied or waived?</b>	If the conditions of the Offer are not satisfied or waived before the end of the Offer Period, the Offer will lapse and your acceptance will be void.
<b>How will the Performance Rights be treated?</b>	<p>The Offer extends to all Shares that are issued between the Register Date and the end of the Offer Period as a result of the vesting and exercise of the Performance Rights.</p> <p>This means that holders of Performance Rights whose Performance Rights are converted to Shares prior to the end of the Offer Period will be able to accept the Offer in respect of the Shares during the Offer Period as a result of the conversion.</p>
<b>How will the 2018 Performance Rights be treated?</b>	The 2018 Performance Rights will be treated in the same way as the Performance Rights (see above).
<b>Can you accept the Offer for part of your holdings?</b>	No. You cannot accept for part of your holding. You can only accept the Offer for ALL of Your Shares.
<b>What if you are a foreign shareholder?</b>	Foreign shareholders that reside outside of Australia will be paid the same cash consideration as stipulated under the Offer. However, the tax implications under the Offer for those foreign shareholders may be different from those relating to Australian resident shareholders. You will be paid in Australian dollars by cheque drawn on an Australian bank branch.
<b>What happens if you do not accept the Offer?</b>	<p>You will remain an MDL shareholder and will not receive the cash consideration under the Offer.</p> <p>However, ERAMET intends to compulsorily acquire Your Shares if it becomes entitled to do so. If Your Shares are compulsorily acquired by ERAMET, it will be on the same terms (including the same consideration for each Share acquired) as the Offer.</p>
<b>Where to go if you have questions?</b>	<p>For queries on how to accept the Offer, see the enclosed Acceptance Form or call the Offer Information Line on 1800 218 694 (toll free within Australia) or +61 1800 218 694 (from outside Australia).</p> <p>For all other queries in relation to the Offer, including in relation to your MDL shareholding, please contact the Offer Information Line on 1800 218 694 (toll free within Australia) or +61 1800 218 694 (from outside Australia).</p> <p>Please note that calls to the above numbers may be recorded. Inquiries in relation to the Offer will not be received on any other telephone numbers of ERAMET or its advisers.</p>

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# SUMMARY OF THE OFFER

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**Will you need to pay brokerage or stamp duty on acceptances?**

If Your Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to ERAMET by signing and returning an Acceptance Form, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.

If Your Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Shares are registered in the name of a broker, bank, custodian, or other nominee, you will not be obliged to pay stamp duty by accepting the Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

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## 1.2 HOW TO ACCEPT THE OFFER

You may only accept the Offer for all of Your Shares.

Your acceptance must be received before the end of the Offer Period (7.00pm Sydney time on 21 June 2018, unless it is extended or withdrawn). Depending on the nature of your holding, you may accept the Offer in the following ways.

### ISSUER SPONSORED SHAREHOLDERS

If Your Shares are registered in an Issuer Sponsored Holding (such holdings will be evidenced by an 'I' appearing next to your Securityholder Reference Number on the enclosed Acceptance Form), to accept this Offer you must complete and sign the Acceptance Form enclosed with this Bidder's Statement and ensure that the Acceptance Form is received at one of the addresses shown on the Acceptance Form before the Offer closes.

### CHESS SHAREHOLDERS

If Your Shares are registered in a CHESS Holding (such holdings will be evidenced by an 'X' appearing next to your Holder Identification Number on the enclosed Acceptance Form), you may accept the Offer by either:

- completing and signing the Acceptance Form enclosed with this Bidder's Statement and ensuring that it is received at one of the addresses shown on the Acceptance Form; or
- instructing your Controlling Participant (normally your broker) to accept the Offer on your behalf, before the Offer closes.

### PARTICIPANTS

If you are a Participant, acceptance of this Offer must be initiated in accordance with rule 14.14 of the ASX Settlement Operating Rules before the Offer closes.

### FURTHER DETAILS

Full details on how to accept the Offer are set out in section 9.3 of this Bidder's Statement.

# 2.

## INFORMATION ON ERAMET AND THE ERAMET GROUP

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# INFORMATION ON ERAMET AND THE ERAMET GROUP

## 2.1 OVERVIEW OF ERAMET AND THE ERAMET GROUP

ERAMET is the parent entity of the ERAMET Group, incorporated in Paris, France.

The ERAMET Group is a leading global mining and metallurgical business, which produces manganese, nickel, alloys and other non-ferrous metals for customers worldwide. The ERAMET Group currently has operations in almost 20 countries across five continents and employed approximately 12,600 employees (including non-consolidated companies and companies accounted for using the equity method) as at 31 December 2017.

The ERAMET Group was founded in 1880, as a large nickel mining operation conducted by Société Le Nickel in the French territory of New Caledonia. The current parent entity of the ERAMET Group, ERAMET, was incorporated under its former name of ERAMET-SLN in 1985 as part of a corporate re-structure.

Since that time, ERAMET has become one of the world's largest producers of manganese ore and alloys. The ERAMET Group's business also includes a 50% interest in the TiZir Joint Venture, which operates an integrated zircon and titanium business together with MDL (being the holder of the other 50% interest in the TiZir Joint Venture through its wholly owned Subsidiary, MDL (Mining) Limited), as further described in section 3.3 of this Bidder's Statement.

For the year ended 31 December 2017, ERAMET reported group consolidated earnings before interest, tax, depreciation and amortisation of €871 million, up 132% on the prior period, and group consolidated net income of €203 million, up from a net loss of €179 million in the prior period.

As at 31 December 2017, ERAMET's financial liquidity was €2.8 billion (on a pro forma basis, after taking into account ERAMET's repayment of €250 million under its revolving credit facility on 18 January 2018 as well as the extension of its revolving credit facility to 2023 on 13 February 2018). ERAMET's financial liquidity comprises:

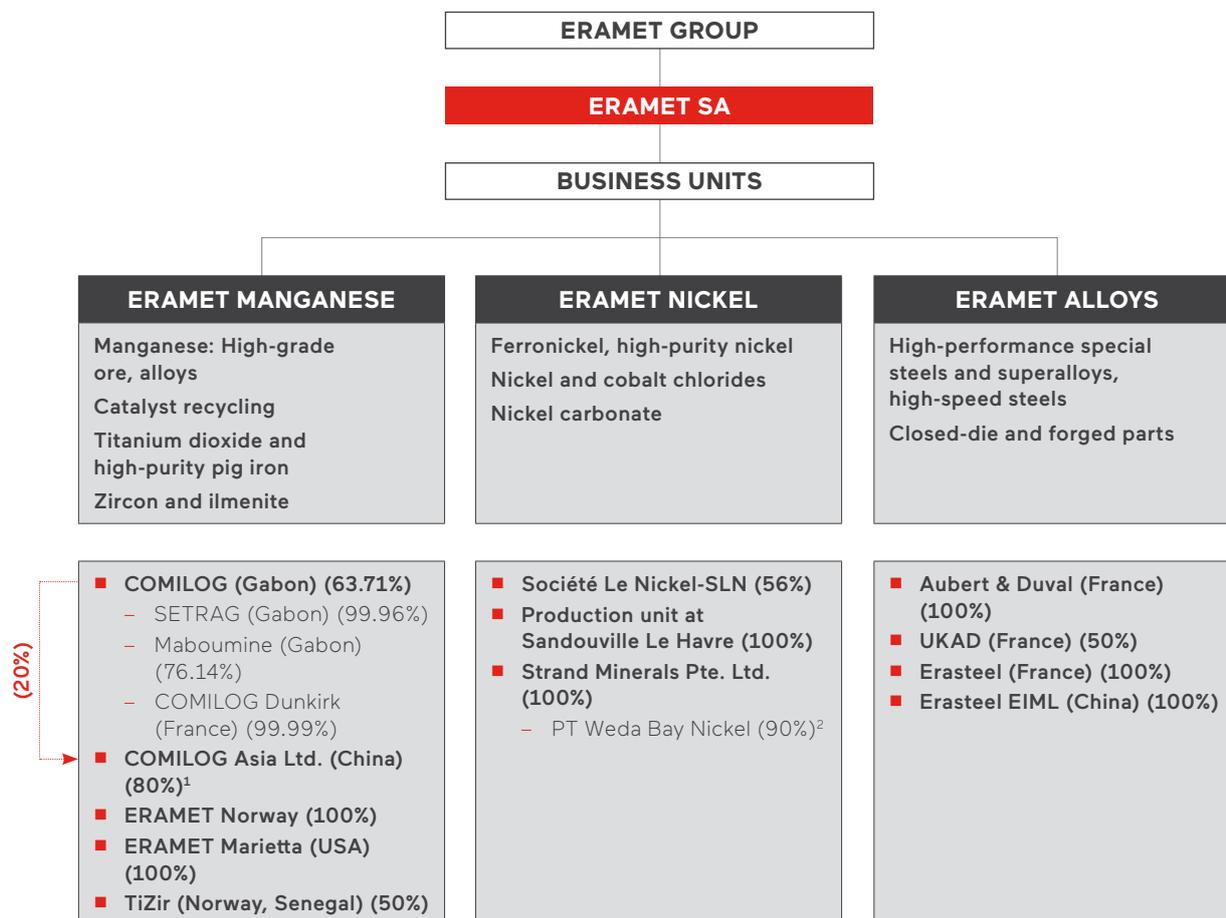
- total internal available cash of €1.8 billion; and
- €981 million of undrawn lines under its established revolving credit facility.

ERAMET's net debt of €376 million resulted in a net debt to equity ratio of 19% as at 31 December 2017.

ERAMET is headquartered in Paris and listed on the Euronext Paris exchange with a market capitalisation of approximately €3.9 billion as at the Last Practicable Date. ERAMET's major shareholders include SORAME (30.23%), FSI Equation (25.57%), and CEIR (6.70%) as at 31 December 2017. These shareholders act in concert in relation to their shareholding in ERAMET.

# INFORMATION ON ERAMET AND THE ERAMET GROUP

FIGURE 3: ERAMET SIMPLIFIED GROUP STRUCTURE (AS AT 31 DECEMBER 2017)



1. COMILOG Asia Ltd. (China) is owned 80% by ERAMET SA and 20% by COMILOG Gabon.

2. Subject to sell-down to 43%, as announced by ERAMET on 8 June 2017 – see <http://www.eramet.com/en/press-releases> for further details.

## 2.2 PRINCIPAL ACTIVITIES OF ERAMET AND THE ERAMET GROUP

### (A) ERAMET MANGANESE

ERAMET, through its subsidiary COMILOG, is one of the world’s largest producers of high grade manganese ore. COMILOG operates a manganese mine at Moanda in Gabon. Once extracted and prepared, the manganese ore is either immediately sold to consumers in markets that use manganese (mainly in the alloys and chemicals fields) or it is processed at ERAMET Group plants into alloys to meet the requirements of steelmaker customers.

ERAMET’s manganese division also includes its 50% interest in the TiZir Joint Venture, which produces titanium dioxide products and zircon.

The division contributed 52.6% of ERAMET’s aggregate sales in FY2017.

# INFORMATION ON ERAMET AND THE ERAMET GROUP

## (B) ERAMET NICKEL

ERAMET Nickel pursues a strategy of developing ores and positioning itself in products with high added value, with reliance on the ERAMET Group's internal R&D. ERAMET Nickel is focussed on the following three main projects:

- Société Le Nickel-SLN in New Caledonia, ERAMET's 56% owned subsidiary and main nickel mining and metallurgical centre, produces high-grade ferronickel at the Doniambo plant;
- the Havre Sandouville nickel refinery, in France, specialises in high value-added products (nickel salts, high-purity electrolytic nickel and cobalt salts); and
- the Weda Bay project in Indonesia, developed in partnership with leading Chinese steel producer Tsingshan, is planning to produce a low-grade nickel pig iron from Weda Bay ore.

The division contributed 17.6% of ERAMET's aggregate sales in FY2017.

## (C) ERAMET ALLOYS

ERAMET's alloys division designs and develops high-performance steels, superalloys, aluminium and titanium alloys using various development and transformation methods. These materials and products are then used to supply customers in high-technology markets, such as aerospace, energy, nuclear, medical and automotive.

The division contributed 29.8% of ERAMET's aggregate sales in FY2017.

## (D) LITHIUM PROJECT

In addition to its three core businesses, ERAMET is developing a lithium project in Argentina. The project is based on a wholly-owned lithium brine deposit located at the Centenario-Ratones salt lake in the Salta Province and designed to produce lithium carbonate to an industrial scale. The project is in an advanced stage of development, with further testing work to be conducted throughout 2018. Subject to positive technical and economic studies, the intention is for the project to reach final investment decision in 2019, with production intended to commence in late 2021.

## 2.3 DIRECTORS

ERAMET's board of directors supervises the ERAMET Group's major strategic, economic, financial and technological activities and is comprised by 19 directors, including a mix of highly-experienced executives and independent directors. The ERAMET board is directed by its Chairman and Chief Executive Officer, Ms Christel Bories.

The directors of ERAMET are set out below.

- Mr. Michel Antseleve
- Ms. Christel Bories
- Ms. Christine Coignard
- SORAME SCA, represented by Mr. Cyrille Duval
- Mr. Edouard Duval
- Mr. Georges Duval
- FSI-EQUATION SAS, represented by Mr. Bruno Vincent
- Ms. Marie-Axelle Gautier
- Mr. Jean-Yves Gilet

# INFORMATION ON ERAMET AND THE ERAMET GROUP

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- Mr. Philippe Gomes
- CEIR SAS, represented by Mrs. Nathalie de La Fournière
- Ms. Manoelle Lepoutre
- Ms. Miriam Maes
- Ms. Pia Olders
- Mr. Ferdinand Poauteta
- Ms. Catherine Ronge
- Ms. Sonia Sikorav
- Mr. Claude Tendil
- Mr. Antoine Treuille

## **2.4 PUBLICLY AVAILABLE INFORMATION ABOUT ERAMET**

Further information in relation to ERAMET is available in electronic form on the ERAMET website (<http://www.eramet.com/en>), and filings made with the Euronext Paris exchange (which may be viewable on <http://www.amf-france.org>).

# 3.

## INFORMATION ON MDL AND THE MDL GROUP

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# INFORMATION ON MDL AND THE MDL GROUP

## 3.1 IMPORTANT INFORMATION

The following information about MDL (other than section 3.3(b) and 3.3(c)) is based on publicly available information and has not been independently verified. Accordingly, ERAMET does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information (other than section 3.3(b) and 3.3(c)).

## 3.2 OVERVIEW OF MDL

MDL is an integrated mining company listed on the ASX.

Since 2011, MDL's principal activities have been in relation to its 50% interest in the TiZir Joint Venture held through its wholly owned Subsidiary, MDL (Mining) Limited, alongside the 50% interest held by ERAMET.

In addition, as at 31 December 2017, MDL held a US\$87.3 million interest-bearing subordinated shareholder loan (as lender) to TiZir Limited. As at 31 March 2018, MDL held US\$11.2 million in cash<sup>6</sup>.

The TiZir Joint Venture operates an integrated zircon and titanium business at two main sites: the Grande Côte mineral sands mining operation in Senegal (GCO) and the TiZir Titanium & Iron ilmenite upgrading facility in Norway (TTI).

Further details about the TiZir Joint Venture are set out below in section 3.3.

## 3.3 OVERVIEW OF TIZIR

As noted above, MDL's principal activities have been in relation to its 50% interest in the TiZir Joint Venture.

### (A) OVERVIEW AND BACKGROUND

The TiZir Joint Venture was formed in 2011 by ERAMET and MDL, and comprises two integrated, producing assets, being:

- GCO (Senegal, West Africa) – the TiZir Joint Venture owns a 90% interest in GCO, the other 10% being controlled by the Government of the Republic of Senegal. GCO is a mineral sands mining operation that extracts and produces zircon and titanium dioxide products (such as ilmenite, rutile and leucoxene) from the sands at TiZir's concession along the Senegalese coastline through a single dredge operation.
- TTI (Tyssedal, Norway) – the TiZir Joint Venture owns 100% of TTI, which is an ilmenite upgrading and processing facility. The facility processes ilmenite (including ilmenite sourced from GCO) to produce titanium slag and high-purity pig iron products.

Together, GCO and TTI are a vertically integrated operation, whereby a significant portion of GCO's production is supplied as ilmenite feedstock to TTI.

MDL and ERAMET each hold a 50% interest in the TiZir Joint Venture through their 50/50 shareholding of TiZir Limited. MDL's shareholding in TiZir Limited is held through its wholly owned Subsidiary, MDL (Mining) Limited, and ERAMET's shareholding in TiZir Limited is held through its wholly owned subsidiary, Eralloys Holding AS.

When the TiZir Joint Venture was first established, ERAMET contributed 100% of TTI and cash of US\$30 million, and MDL contributed its 90% interest in GCO<sup>7</sup>.

6 Please see MDL's 2017 Annual Report released on 21 February 2018 and Q1 2018 Quarterly Report released on 19 April 2018.

7 Please see MDL's ASX Announcement "ERAMET and Mineral Deposits Limited announce the closing of their mineral sands joint-venture" released on 26 October 2011.

# INFORMATION ON MDL AND THE MDL GROUP

## (B) FINANCIAL AND OPERATIONAL PERFORMANCE

### (1) Historical financial and operational results

The following table summarises selected aspects of the historical financial and operational performance of the TiZir Group.

100% Basis	Unit	2015	2016	2017	Q1 2018
<b>Production</b>					
Heavy mineral feed grade	%	1.98%	1.68%	1.74%	1.87%
Heavy mineral concentrate produced	kt	632.9	613.7	724.8	189.5
<i>Production by product</i>					
GCO Ilmenite	kt	427.7	416.3	492.4	104.1
GCO Zircon	kt	45.2	52.6	61.6	15.8
GCO Medium grade zircon sands	kt	-	-	20.2	6.6
GCO Rutile & Leucoxene	kt	5.3	9.7	10.0	2.7
TTI Titanium slag	kt	106.8	103.6	181.2	34.0
TTI High purity pig iron	kt	59.2	42.5	73.7	14.2
<b>Total</b>	<b>kt</b>	<b>644.2</b>	<b>624.7</b>	<b>839.1</b>	<b>177.4</b>
<i>Sales volumes by product</i>					
GCO Ilmenite	kt	420.4	410.9	463.9	85.1
GCO Zircon	kt	41.9	53.1	60.7	17.9
GCO Medium grade zircon sands	kt	-	-	18.3	4.8
GCO Rutile & Leucoxene	kt	4.6	8.8	10.3	3.2
TTI Titanium slag	kt	131.7	121.8	159.7	36.6
TTI High purity pig iron	kt	64.6	47.3	65.5	17.1
<b>Total</b>	<b>kt</b>	<b>663.2</b>	<b>641.9</b>	<b>778.3</b>	<b>164.8</b>
<b>Revenue</b>					
Total sales	US\$m	169.0	160.6	224.6	60.9
<b>Operating costs</b>					
Cost of products sold	US\$m	(168.3)	(159.3)	(167.8)	(43.7)
Total cash costs <sup>8</sup>	US\$m	(175.2)	(162.2)	(171.5)	(46.2)
<b>Capital costs</b>					
Payments for property, plant and equipment	US\$m	(51.8)	(20.9)	(10.0)	(4.1)
<b>Free cash flow<sup>9</sup></b>	<b>US\$m</b>	<b>(90.3)</b>	<b>(4.5)</b>	<b>(5.6)</b>	<b>(8.0)</b>
<b>EBITDA</b>	<b>US\$m</b>	<b>(6.7)</b>	<b>24.1</b>	<b>62.5</b>	<b>17.3</b>
<b>Reported net loss after tax</b>	<b>US\$m</b>	<b>(79.9)</b>	<b>(64.2)</b>	<b>(32.7)</b>	<b>n/a</b>

<sup>8</sup> Cost of products sold, plus administrative and selling costs.

<sup>9</sup> Net cash generated by operating activities plus payments for property, plant and equipment plus payments for intangible assets.

# INFORMATION ON MDL AND THE MDL GROUP

For the year ended 31 December 2017, TiZir Limited reported group consolidated earnings before interest, tax, depreciation and amortisation of US\$62.5 million, up 159% on the prior period and a group consolidated net loss of US\$32.7 million, compared to a net loss of US\$64.2 million in the prior period.

For the quarter ended 31 March 2018, sales revenue for the TiZir Group was approximately US\$61 million.

## (2) Debt position

As at 31 March 2018, the TiZir Group had external net debt of US\$324 million, comprising:

- external borrowings (excluding shareholder loans) of US\$369.2 million (comprising US\$300 million in senior secured bonds (including accrued interest) and amounts drawn under TTI's and GCO's working capital facilities); and
- cash and cash equivalents of US\$45.2 million.

As at 31 December 2017, in addition to external net debt, the TiZir Group had US\$231 million in subordinated shareholder loans, being US\$144 million in loans from the ERAMET Group and a US\$87 million loan from MDL.

## (3) Further information

Further financial information regarding TiZir Limited can be found in TiZir Limited's annual financial statements for the year ended 31 December 2017 available on the TiZir Limited website (<http://www.tizir.co.uk/>) and in MDL's statement of financial results for the year ended 31 December 2017, released on the ASX on 21 February 2018.

MDL's 1Q 2018 Operations Review was released on the ASX on 19 April 2018 and contains updates on the financial performance and operations of the TiZir Joint Venture and MDL.

## (C) OPERATIONAL RISKS

A non-exhaustive list of operational risks relevant to the TiZir Joint Venture and therefore to MDL is set out below.

You should read MDL's Target's Statement when it is despatched as this will contain additional disclosures about operational and other risks that are relevant to your decision on whether to accept the Offer. For further information about the Target's Statement please refer to section 3.6 of this Bidder's Statement.

### (1) Foreign operations, regulations and tax regimes

MDL's main asset is the TiZir Joint Venture which primarily operates in Senegal and Norway. The financial performance of MDL may be adversely impacted by current or future fiscal or regulatory regimes, local laws and regulations or changes to current political, judicial or administrative policies or conditions in those geographies.

GCO is currently the subject of a tax audit by the Senegalese tax authorities (noting that GCO does get audited from time to time), noting that no notification has been made at this stage and that the outcome of this is uncertain. Therefore this tax audit may or may not result in any liability for the TiZir Joint Venture.

### (2) Industry and commodity cycles

The TiZir Joint Venture's and therefore MDL's financial performance is influenced by the level of activity in the mineral sands industry, which is impacted by a number of factors beyond the control of any party.

In particular, the TiZir Joint Venture and MDL are exposed to movements in commodity prices. Commodity prices are volatile and subject to factors beyond the TiZir Joint Venture's control.

# INFORMATION ON MDL AND THE MDL GROUP

## (3) Pre-reduction kiln at TTI

As announced by MDL, the pre-reduction kiln at TTI was shut down for a period of time due to a gearbox failure. The furnace operated at reduced levels during the shutdown, resulting in a loss of approximately six weeks of normal production. However, GCO was not impacted by the gearbox issue at TTI, with ilmenite volumes earmarked for TTI during the period of downtime being contracted for sale to external customers in the second quarter.<sup>10</sup> MDL confirmed that gearbox repairs were completed as planned and operations are now producing at rates approximating those achieved pre-shutdown.<sup>11</sup>

## (4) Industrial incidents and disputes

An industrial incident may occur that results in serious injury or death, damage to property or contamination of the environment. Such incidents and any industrial disputes can adversely impact on operations. In addition to any negative impact to profitability from such an event, the TiZir Joint Venture, and therefore MDL, may suffer reputational damage from an industrial incident or dispute which may damage their ability to secure or retain clients.

## (5) Insurance

The availability of insurance at an appropriate price and on appropriate terms is not guaranteed. It is possible that the occurrence of an event may not be fully covered, or covered at all, by insurance.

## (6) Railway reconstruction works in Dakar, Senegal

As previously announced by ERAMET and MDL, some disruption to rail transport was expected during 2018 due to recently commenced high-speed rail works between Dakar and Blaise Diagne International Airport. Work is currently being undertaken with the relevant stakeholders (including to optimise logistics) to minimise the impact during the construction period. MDL has stated that since 1 February 2018 when GCO assumed responsibility for track maintenance during the fast rail construction period, there has been a significant improvement in rail utilisation. GCO remains confident that it will be in a position to transport its budgeted annual finished goods production to the port of Dakar.<sup>12</sup>

## (7) Industry specific risks

The TiZir Joint Venture's business is affected by a range of industry-specific and general legal and regulatory controls. Changes in these types of controls can have an adverse effect on financial performance of the TiZir Joint Venture. Further, any major shift in regulatory policy may impact on the profitability of the TiZir Joint Venture and therefore of MDL.

The TiZir Joint Venture's exploration, mining and processing activities are dependent upon the granting, maintenance and renewal of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn, not granted or made subject to limitations or new conditions. Loss of such required licences, concessions, leases, permits and regulatory consents may directly impact the TiZir Joint Venture's (and indirectly MDL's) profitability.

<sup>10</sup> Please see MDL's 1Q 2018 Operations Review dated 19 April 2018 for further details.

<sup>11</sup> Please see MDL's ASX announcements on 27 February 2018, 5 March 2018, the MDL investor presentation lodged on the ASX on 6 March 2018, the 19th Mineral Sands Conference Presentation lodged on the ASX on 21 March 2018, and MDL's ASX announcement on 13 April 2018 for further details.

<sup>12</sup> Please see ERAMET's press release dated 20 February 2018 (<http://www.eramet.com/en/press-releases>) and MDL's 1Q 2018 Operations Review dated 19 April 2018 for further details.

# INFORMATION ON MDL AND THE MDL GROUP

## (D) SUMMARY OF SHAREHOLDERS' AGREEMENT

ERAMET owns 50% of TiZir Limited through its wholly owned subsidiary, Eralloys Holdings AS (**Eralloys**) and MDL owns 50% of TiZir Limited through its wholly owned subsidiary MDL (Mining) Limited (**MDL Mining**).

To govern their relationship in relation to the TiZir Joint Venture, ERAMET, Eralloys, MDL, MDL Mining, and TiZir Limited are parties to a shareholders' agreement dated 25 October 2011 (as amended) (**SHA**). Under the SHA, Eramet and MDL are the "Ultimate Parties" and MDL Mining and Eralloys are the "JV Shareholders".

Set out below is a non-exhaustive summary of the key terms of the SHA.

### (1) Board composition, voting and decision making

The Board consists of an equal number of directors appointed by each JV Shareholder. The quorum for a Board meeting is generally two directors, being one director appointed by each JV Shareholder.

The Board makes all decisions with respect to development of projects and the operation and management of TiZir Limited, except for "Reserved Matters" (see below) which are decided by the JV Shareholders, or matters where shareholder approval is required by law. The Board currently delegates its authority to the Executive Management (see below).

Decisions of the Board are generally made by simple majority.

For so long as each JV Shareholder owns 50% in TiZir Limited, the directors for each JV Shareholder will hold an equal number of votes.

### (2) Shareholder reserved matters

"Reserved matters" require consent of all JV Shareholders, including the following matters:

- registration of a new JV shareholder or altering TiZir Limited's name or constitutional documents;
- other than limited exceptions, altering the share capital of TiZir Limited or varying any class rights;
- repayment of capital or assets to JV Shareholders;
- listing TiZir Limited on a stock exchange;
- decisions relating to the winding-up of TiZir Limited or other corporate reconstructions;
- capitalisation of any amount standing to the credit of any reserve of TiZir Limited;
- amendment of "deadlock matters" (see below) or approval of the terms of non-recourse financing for the GCO (Senegal) project;
- decisions in relation to key matters such as a decision to change the business of TiZir Limited, the acquisition or disposal of any material asset or shares in another company, the participation in a partnership or joint venture or the merger with another entity;
- closure of any business operation; and
- distributions or repayment of shareholder loans other than in accordance with the agreed dividend policy.

# INFORMATION ON MDL AND THE MDL GROUP

## (3) Funding obligations

TiZir Limited can make cash calls on the JV Shareholders if:

- the amount is required to meet the expenditures in a budget and cash flow forecast which has been approved by the Board;
- the Board decides a cash call is required; or
- an expert determines that funding is required to implement its decision in relation to a matter that is in dispute.

If a JV Shareholder fails to contribute its full share of the cash call, the other JV Shareholder may elect to contribute the shortfall amount and this can lead to a dilution of the defaulting JV Shareholder's shareholding.

## (4) Non-compete restrictions

Each JV Shareholder and their respective corporate groups may not invest in or contribute to any "Competing Project", without the prior written agreement of the other JV Shareholder unless it follows the prescribed process, which includes the relevant party undertaking to provide TiZir Limited with a right of first refusal with respect to the Competing Project.

A "Competing Project" is any worldwide business opportunity, which includes an investment in or contract with, a mining, smelting or associated project where an amount equal to more than 50% of its expected aggregate revenues based on the first 5 years of commercial operation are projected to be derived from operations on zircon or titanium minerals.

## (5) Management of the JV

The TiZir Group is managed by a management team which is appointed by the Board. The management team consists of four officers, the CEO, CFO, the TTI CEO and GCO CEO (together, the **Executive Management**).

Each JV Shareholder proposes candidates for the positions. The Board, to the extent possible, selects 2 officers from each of the lists provided by the JV Shareholders.

If requested by a JV Shareholder, the Board must procure that at least one person nominated by that JV Shareholder (other than a member of the Executive Management) is appointed as a director to the Board of any subsidiary of TiZir Limited.

## (6) Shareholder rights to market end product produced by the TiZir Group

TiZir Limited's marketing arrangements are not prescribed under the SHA.

However, in practice, product sales agreements are usually entered into by a subsidiary of TTI in respect of any end products. There are different delegations within the TiZir Group to approve and validate a decision to enter into any such agreement, depending on the value of the proposed sales agreement.

## (7) Related party dealings

All contracts between the TiZir Group and a JV Shareholder or its corporate group must be approved by the Board of TiZir Limited and the other JV Shareholder in writing.

# INFORMATION ON MDL AND THE MDL GROUP

## (8) Deadlock and break-up procedure

### Deadlock

Failure to agree any of the following matters are considered “deadlock matters”:

#### *Board decisions*

- approval of annual business plan;
- appointment and removal of the Executive Management;
- certain cash call decisions; and
- approval of TiZir Limited’s audited accounts and financial statements within the specified period.

#### *Shareholder decisions*

- approval of TiZir Limited’s audited accounts and financial statements within the specified period; and
- approval of the terms of non-recourse financing for the GCO (Senegal) project.

### Expert determination

If a deadlock occurs and the JV Shareholders do not resolve the deadlock matter within a specified period, either JV Shareholder may refer the matter to an expert for its determination.

### Break up procedure

A JV Shareholder (**Break-Up Shareholder**) may issue a notice (**Break-Up Notice**) to the other JV Shareholder of its intention to terminate its investment relationship with the other JV Shareholder, if:

- no later than one month following receipt of the notification of the expert’s decision, the Break-Up Shareholder reasonably considers that the expert’s decision is of strategic importance to it or its related Ultimate Party and will materially adversely affect its investment position in the TiZir Group; or
- an expert’s decision has not been delivered within one month following the date on which it was required, and the failure of the expert to deliver its decision is not attributable to the Break-Up Shareholder, then within one month following the expiry of such one month period, but only if the Break-Up Shareholder reasonably considers that the deadlock issue is of strategic importance to it or its related Ultimate Party and the absence of a resolution of the issue will materially adversely affect its investment position in the joint venture group.

A Break Up Notice must include:

- a cash offer by the Break-Up Shareholder to purchase in cash all of the other JV Shareholders’ shares in TiZir Limited and all of its shareholder loans (**Break-Up Price**); and
- a call option in favour of the other JV Shareholder at the Break-Up Price in respect of the Break-up Shareholder’s shares in TiZir Limited and all of its shareholder loans.

In the event that both JV Shareholders issue Break-Up Notices concurrently, then the Break-Up Procedure shall be commenced in respect of the Break-Up Notice which provides for the higher Break-Up Price.

# INFORMATION ON MDL AND THE MDL GROUP

## (9) Restriction on the transfer of shares in TiZir Limited

Shares in TiZir Limited may be transferred:

- if the transfer is a “permitted transfer” (see below);
- if the tag along and pre-empt processes described below are complied with; or
- from a non-defaulting JV Shareholder to a defaulting shareholder at the non-defaulting JV Shareholder’s election in accordance with the default provisions (see below).

### Permitted transfers

A JV Shareholder is permitted to transfer all (but not some only) of its shares to a member of its corporate group.

### Pre-emption process

Subject to certain limited exceptions, if a JV Shareholder wishes to transfer all (but not some only) of its shares and shareholder loans to a proposed buyer (**Buyer**), it must first offer to sell its shares and shareholder loans to the other JV Shareholder at the price offered by the Buyer (**Transfer Price**).

If the non-selling JV Shareholder does not accept the offer within 90 days (**Offer Period**), subject to complying with the tag along provisions summarised below, the selling JV Shareholder may transfer all (but not some only) of its shares and shareholder loans to the Buyer at a price that is at least equal to the Transfer Price within two weeks after the end of the Offer Period. If the non-selling JV Shareholder accepts the offer, the transfer must complete within 60 days after the non-selling JV Shareholder accepts the offer.

### Tag-along right

If, after complying with the pre-emption process, a JV Shareholder wishes to transfer all its interest in TiZir Limited to a Buyer, the sale to the Buyer cannot proceed until the Buyer offers to also acquire the non-selling JV Shareholder’s interest in TiZir Limited (shares, shareholder loans and default loans owed by the selling JV Shareholder to the non-selling JV Shareholder) at a price which is at least equal to the highest price offered to the selling JV Shareholder by the Buyer. The non-selling JV Shareholder has 28 Business Days to accept this offer.

## (10) Change of control

A change of control of MDL or ERAMET will not trigger any change of control restrictions under the SHA.

## (11) Default and consequences of default

A JV Shareholder Default occurs:

- if a JV Shareholder is insolvent or steps are taken to wind-up the JV Shareholder; or
- if a JV Shareholder ceases to be a member of MDL Group or ERAMET Group respectively.

If a JV Shareholder Default occurs, the non-defaulting JV Shareholder can acquire the defaulting JV Shareholder’s shares and shareholder loans at a cash price that is either (1) based on TiZir Limited’s net asset value (subject to certain adjustments) multiplied by the defaulting JV Shareholder’s shareholding (**NAV Buy-Out Value**) or (2) the lower of the NAV Buy-Out Value and 80% of the fair market value of the defaulting JV Shareholder’s shares and shareholder loans as determined by an expert.

# INFORMATION ON MDL AND THE MDL GROUP

## 3.4 DIRECTORS

As at the date of this Bidder's Statement the directors of MDL are as follows:

- Nicholas Limb, non-executive chairman
- Robert Sennitt, managing director
- Martin Ackland, non-executive director
- Charles (Sandy) MacDonald, non-executive director
- Thomas Whiting, non-executive director

## 3.5 HISTORICAL FINANCIAL INFORMATION ON THE MDL GROUP

MDL's last published financial statements are for the financial year ended 31 December 2017, as lodged with the ASX on 21 February 2018. MDL also published its 1Q 2018 Operations Review on 19 April 2018.

ERAMET is not aware of any changes to MDL's financial position since the release of these results other than announcements made by MDL to the ASX up to the day before the date of this Bidder's Statement, including its 1Q 2018 Operations Review as released to the ASX on 19 April 2018.

Being a company listed on the ASX, MDL is subject to periodic and continuous disclosure requirements under the Corporations Act and Listing Rules. For more information regarding the financial position of MDL and its affairs, you should refer to the full range of information that has been disclosed by MDL pursuant to these obligations.

## 3.6 OTHER MATERIAL INFORMATION ABOUT THE MDL GROUP

MDL will have the opportunity to disclose in its Target's Statement any information about the MDL Group it considers MDL shareholders would reasonably require to make an informed assessment as to whether to accept the Offer.

## 3.7 PUBLICLY AVAILABLE INFORMATION ABOUT THE MDL GROUP

MDL is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, MDL is subject to the listing rules of the ASX which require continuous disclosure of any information MDL has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The ASX maintains files containing publicly disclosed information about all listed companies. MDL's file is available for inspection on the ASX website ([www.asx.com.au](http://www.asx.com.au)).

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

A substantial amount of information about MDL (including copies of its financial statements) is available on its website (<https://www.mineraldeposits.com.au/>).

**4.**

**INFORMATION  
ON MDL'S  
SECURITIES**

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# INFORMATION ON MDL'S SECURITIES

## 4.1 MDL'S ISSUED SECURITIES

According to documents provided by MDL to the ASX<sup>13</sup>, as at the Announcement Date, MDL had 196,985,649 Shares and 2,338,209 unlisted Performance Rights on issue. In addition, MDL has announced that it proposes to issue the 2018 Performance Rights<sup>14</sup>. Of the 2018 Performance Rights, 288,791 are proposed to be issued to Robert Sennitt, Managing Director and Chief Executive Officer of MDL, and therefore subject to shareholder approval that is being sought at MDL's 2018 annual general meeting scheduled for 25 May 2018.

Further details regarding the Performance Rights and 2018 Performance Rights are provided in section 4.2 below.<sup>15</sup>

## 4.2 MDL PERFORMANCE RIGHTS PLAN

According to documents provided by MDL to the ASX, as at the Announcement Date, MDL had 2,338,209 Performance Rights on issue that have been granted under the MDL Performance Rights Plan. Each Performance Right and 2018 Performance Right entitles the holder to one Share upon vesting and exercise. The Performance Rights were granted in two tranches on 30 June 2016 and 30 June 2017 respectively. Summary details regarding the Performance Rights, which are based on documents provided by MDL to the ASX, are set out in the table below.

**TABLE 1: SUMMARY OF PERFORMANCE RIGHTS<sup>16</sup>**

Tranche	Number	Grant date	Vesting date	Expiry date	Holder and number of Performance Rights
MDLAA	1,170,000	30 June 2016	31 January 2019	31 January 2021	R Sennitt – 500,000 J Patarica – 320,000 G Bell – 200,000 M Evans – 150,000
MDLAB	1,168,209	30 June 2017	31 January 2020	31 January 2022	R Sennitt – 499,234 J Patarica – 319,510 G Bell – 199,694 M Evans – 149,771

<sup>13</sup> Please see MDL's Appendix 3B released on 30 June 2017.

<sup>14</sup> Please see MDL's Notice of Annual General Meeting released on 23 April 2018.

<sup>15</sup> Summary of the MDL Performance Rights Plan is based on MDL's Notices of Annual General Meeting released on 23 April 2018, 3 April 2017 and 11 April 2016 and MDL's 2017 Annual Report released on 21 February 2018.

<sup>16</sup> Please see MDL's 2017 Annual Report released on 21 February 2018.

# INFORMATION ON MDL'S SECURITIES

Summary details regarding the 2018 Performance Rights, based on MDL's notice of annual general meeting dated 23 April 2018, are set out in the table below.

**TABLE 2: SUMMARY OF 2018 PERFORMANCE RIGHTS**

MDL employee	Number of performance rights proposed to be issued
Robert Sennitt, Managing Director & CEO	288,791
Jozsef Patarica, Chief Operating Officer	166,344
Greg Bell, Chief Financial Officer	110,896
Michaela Evans	80,400
Other staff	56,258

Under the MDL Performance Rights Plan, if a Change of Control Event (defined below) occurs, the Performance Rights and 2018 Performance Rights outlined above may vest early depending on the Absolute Total Shareholder Return condition in the MDL Performance Rights Plan. Performance Rights and 2018 Performance Rights which are not exercised will expire on the earlier of five business days after the earlier of when the Change of Control Event occurs or, if the Board determines that it expects a Change of Control Event to occur, the date determined by the Board.

A **Change Of Control Event** includes when a takeover bid is made for the Shares which has the sufficient support of Shareholders and which results in the bidder acquiring a Relevant Interest in at least 50% of the Shares on issue.

The Offer does not extend to any Performance Rights or 2018 Performance Rights. However, the Offer does extend to Shares that are issued during the Offer Period as a result of the vesting and exercise of the Performance Rights and 2018 Performance Rights. For more information on ERAMET's intentions in relation to the Performance Rights and the 2018 Performance Rights, please see section 6.2.

## 4.3 INTERESTS IN MDL SECURITIES

As at the date of this Bidder's Statement:

- ERAMET's voting power in MDL was 13.36%; and
- ERAMET had a relevant interest in 26,321,094 Shares.

As at the date of the Offer:

- ERAMET's voting power in MDL was 13.36%; and
- ERAMET had a relevant interest in 26,321,094 Shares.

# INFORMATION ON MDL'S SECURITIES

## 4.4 DEALINGS IN SHARES

### (A) PREVIOUS 4 MONTHS

Neither ERAMET nor any Associate of ERAMET has provided, or agreed to provide, consideration for Shares under any purchase or agreement during the four months before the date of this Bidder's Statement other than as described below:

Holder of Relevant Interest	Date of purchase	Type of purchase	Number of Shares purchased	Purchase price per Share	Total purchase price
ERAMET	27 April 2018	Off-market purchase	15,666,507	\$1.46	\$22,873,100

After the announcement of the Offer, ERAMET acquired 147,023 MDL Shares at \$1.46 per Share and 12,802 MDL Shares at \$1.455 per Share.

### (B) PERIOD BEFORE OFFER

Neither ERAMET nor any Associate of ERAMET has provided, or agreed to provide, consideration for Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

## 4.5 EFFECT OF THE OFFER ON PERFORMANCE RIGHTS AND 2018 PERFORMANCE RIGHTS

As noted in section 4.2 above, the Offer extends to Shares that are issued on the exercise of Performance Rights and 2018 Performance Rights, prior to the end of the Offer Period.

If all of the Performance Rights and 2018 Performance Rights are not acquired by ERAMET or cancelled pursuant to agreements or other arrangements, and ERAMET is entitled to compulsorily acquire any outstanding Shares, ERAMET intends to seek to compulsorily acquire or cancel any outstanding Performance Rights and/or 2018 Performance Rights pursuant to Part 6A.2 of the Corporations Act, although it reserves the right not to do so.

## 4.6 PRE-BID ACCEPTANCE DEED

Ellerston Capital Limited (**Ellerston**) entered into a pre-bid acceptance deed with ERAMET in relation to 10,494,762 MDL Shares, representing 5.3% of MDL Shares on issue<sup>17</sup> on 27 April 2018 (**Pre-Bid Acceptance Deed**). Under the terms of the Pre-Bid Acceptance Deed, Ellerston has agreed to accept the Offer when requested by ERAMET at any time within the period that:

- commences 28 days after the Announcement Date; and
- ends 3 Business Days before the end of the Offer Period,

in the absence of a superior proposal (noting ERAMET has certain matching rights) and subject to certain other conditions. A copy of the pre-bid acceptance deed is attached to ERAMET's Form 603 which will be available on the ASX website ([www.asx.com.au](http://www.asx.com.au)).

## 4.7 NO ESCALATION AGREEMENTS

Neither ERAMET nor any Associate of ERAMET has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

<sup>17</sup> Based on 196,985,649 Shares on issue as at the Announcement Date.

# 5.

## SOURCES OF CONSIDERATION

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# SOURCES OF CONSIDERATION

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## 5.1 TOTAL CASH CONSIDERATION

The consideration for the acquisition of the Shares to which the Offer relates will be satisfied wholly in cash.

The maximum amount of cash that ERAMET would be required to pay under the Offer if acceptances are received in respect of all Shares on issue as at the Announcement Date (other than those Shares which ERAMET owns) would be \$264,492,603.

In addition, if all unvested Performance Rights and 2018 Performance Rights vest in accordance with the terms of their issue, and the holders exercise those Performance Rights and 2018 Performance Rights and accept the Offer in respect of the Shares issued to them, an additional \$4,439,711 will be payable by ERAMET under the Offer.

Accordingly, the maximum amount that ERAMET could be required to pay under the Offer is \$268,932,314 (the **Maximum Offer Amount**), together with transaction costs.

## 5.2 SOURCES OF CASH CONSIDERATION

ERAMET intends to fund the Maximum Offer Amount and costs associated with the Offer from ERAMET's existing cash reserves.

As at 31 December 2017, ERAMET had total internal available cash of €1.8 billion<sup>18</sup> (on a pro-forma basis, after taking into account ERAMET's repayment of €250 million of its revolving credit facility on 18 January 2018). This amount of existing cash reserves is well in excess of the Maximum Offer Amount. ERAMET also confirms that, as at the date of this Bidder's Statement, it has existing cash reserves that are well in excess of the Maximum Offer Amount.

ERAMET does not anticipate any restriction on the availability of funds for the purpose of funding the Offer.

<sup>18</sup> This amount is equivalent to approximately \$2.9 billion based on an Australian Dollar to Euro exchange rate of 0.62 as at the Last Practicable Date. Source: IRESS.

**6.**

**BIDDER'S  
INTENTIONS  
IN RELATION  
TO MDL**

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# BIDDER'S INTENTIONS IN RELATION TO MDL

## 6.1 INTRODUCTION

The intentions of ERAMET are set out in this section 6 of the Bidder's Statement. Those intentions have been formed on the basis of facts and information concerning MDL, and the general business environment, which are known to ERAMET at the time of preparing this Bidder's Statement. Final decisions will only be reached by ERAMET in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intention only and accordingly may vary as new information becomes available or circumstances change.

By making the Offer, ERAMET is seeking to acquire shares in MDL in order to have, immediately after the close of the Offer, a greater level of economic exposure to the TiZir Joint Venture.

## 6.2 SPECIFIC INTENTIONS – PERFORMANCE RIGHTS AND 2018 PERFORMANCE RIGHTS

This Offer does not extend to any Performance Rights or 2018 Performance Rights. ERAMET encourages holders of Performance Rights to exercise their Performance Rights before the end of the Offer Period to the extent that they are entitled to do so and accept the Offer in respect of the Shares issued on exercise. ERAMET encourages holders of 2018 Performance Rights to do the same.

During the Offer Period, ERAMET may also seek (at its election) to acquire any Performance Rights or 2018 Performance Rights by making a private offer to holders of those Performance Rights or 2018 Performance Rights to acquire them.

After the end of the Offer Period, ERAMET may seek to acquire any remaining Performance Rights or 2018 Performance Rights by doing one or more of the following (at its election):

- (a) making a private offer to holders of Performance Rights and/or 2018 Performance Rights to acquire them; or
- (b) where ERAMET becomes entitled under Part 6A.2 of the Corporations Act to compulsorily acquire all outstanding Shares, compulsorily acquiring the Performance Rights and/or 2018 Performance Rights.

## 6.3 INTENTIONS FOR MDL AS A WHOLLY OWNED CONTROLLED ENTITY

This section 6.3 describes ERAMET's intentions if ERAMET acquires a relevant interest in 90% or more of the Shares, and becomes entitled to proceed to compulsory acquisition of outstanding Shares in accordance with Part 6A.1 of the Corporations Act.

### (A) CORPORATE MATTERS

If ERAMET becomes entitled to do so, it intends to:

- proceed with compulsory acquisition of the outstanding Shares in accordance with the provisions of Part 6A.1 of the Corporations Act, including any Shares which are issued after the close of the Offer as a result of the vesting and exercise of Performance Rights and 2018 Performance Rights (see section 4.2 of this Bidder's Statement);
- following completion of the compulsory acquisition of the outstanding Shares, apply for termination of official quotation of the Shares on the ASX and arrange for MDL to be removed from the official list of the ASX; and
- if ERAMET becomes entitled to compulsorily acquire any outstanding Performance Rights and/or 2018 Performance Rights in accordance with Part 6A.2 of the Corporations Act, ERAMET intends to proceed with compulsory acquisition of those securities, although it reserves the right not to do so.

# BIDDER'S INTENTIONS IN RELATION TO MDL

If MDL becomes wholly owned by ERAMET, ERAMET intends to:

- replace the members of the Board with the nominees of ERAMET. Replacement board members have not yet been identified by ERAMET and their identity will depend on the circumstances at the relevant time. However, it is expected that the majority of the replacement board members will be members of the ERAMET management team; and
- review the MDL corporate structure with a view to potentially simplifying its corporate structure.

## **(B) OPERATIONS**

ERAMET intends generally to continue MDL's primary business, namely, the continuation and further development of the activities of the TiZir Joint Venture.

ERAMET does not currently intend to make any major changes to the way the TiZir Joint Venture is operated.

## **(C) IMPACT ON EMPLOYEES**

The majority of employees of the MDL Group relate to operational staff at the TiZir Joint Venture, and ERAMET has no immediate plans to change any of those roles.

However, as a result of the implementation of the above intentions, it is possible that the roles performed by employees of the MDL Group at the MDL corporate level (as opposed to the operational TiZir Joint Venture level) will become redundant.

If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

## **6.4 INTENTIONS FOR MDL AS A PART OWNED CONTROLLED ENTITY**

This section 6.4 describes ERAMET's intentions if MDL becomes a controlled entity of ERAMET, but ERAMET is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 of the Corporations Act.

In that circumstance, ERAMET's current intentions are as follows:

### **(A) CORPORATE MATTERS**

After the end of the Offer Period, ERAMET intends to:

- seek to have MDL removed from the official list of the ASX (see further information below);
- (subject to the Corporations Act and the constitution of MDL) seek to replace members of the board of MDL with nominees of ERAMET, so that the board of MDL contains a majority of nominees of ERAMET. ERAMET would consider the recommendations in the ASX Corporate Governance Guidelines when determining the composition of the board, including whether to retain or appoint any independent directors. Replacement board members have not yet been finally decided by ERAMET and their identity will depend on the circumstances at the relevant time; however, it is expected that the majority of the replacement board members will be members of the ERAMET management team; and
- encourage the Board to continue to not make dividend payments in favour of retaining cash.

# BIDDER'S INTENTIONS IN RELATION TO MDL

In relation to the removal of MDL from the official list of the ASX, ASX guidance indicates that the usual conditions that the ASX would expect to be satisfied in order for it to approve the removal of MDL from the official list in the context of a successful takeover bid include:

- at the end of the Offer, ERAMET owns or controls at least 75% of the Shares and the Offer has remained open for at least two weeks after ERAMET attained ownership or control of at least 75% of the Shares; and
- the number of MDL shareholders (other than ERAMET) having holdings with a value of at least \$500 is fewer than 150,

and in such case, the ASX will not usually require ERAMET to obtain MDL shareholder approval for MDL's removal from the official list of the ASX.

In addition, ASX may approve an application for MDL to be removed from the official list of the ASX with shareholder approval and, where such removal is sought later than 12 months after the close of the Offer, ERAMET would be entitled to vote on the resolution approving the removal.

If MDL is removed from the official list of the ASX, there may be risks related to remaining as a minority shareholder in MDL. These include reduced or non-existent liquidity if shareholders wish to sell their Shares.

It is possible that, even if ERAMET is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6D.2 of the Corporations Act; for example, as a result of acquisitions of Shares in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act. If so, it intends to exercise those rights, although it reserves the right not to do so.

## **(B) OPERATIONS**

ERAMET intends generally to continue MDL's primary business, namely, the continuation and further development of the activities of the TiZir Joint Venture.

ERAMET does not currently intend to make any major changes to the way the TiZir Joint Venture is operated.

## **(C) IMPACT ON EMPLOYEES**

The majority of employees of the MDL Group relate to operational staff at the TiZir Joint Venture, and ERAMET has no immediate plans to change any of those roles.

However, as a result of the implementation of the above intentions, it is possible that the roles performed by employees of the MDL Group at the MDL corporate level (as opposed to the operational TiZir Joint Venture level) will become redundant. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

In the event that MDL is not wholly-owned, ERAMET expects that there would remain a need for MDL's head office function.

## **6.5 INTENTIONS FOR MDL IF NOT CONTROLLED BY ERAMET**

The Offer includes a 50.01% minimum acceptance condition (see section 9.7). While ERAMET has no present intention to waive that condition, it reserves its right to declare the Offer free of that condition (or any other condition).

This section 6.5 sets out ERAMET's intentions if the Offer is declared free from the 50.01% minimum acceptance condition without ERAMET receiving acceptances in respect of at least 50.01% of the Shares (on a fully diluted basis).

# BIDDER'S INTENTIONS IN RELATION TO MDL

In those circumstances, ERAMET's current intentions are as follows:

## **(A) CORPORATE MATTERS**

It is intended that ERAMET would:

- maintain MDL's listing on the ASX, subject to the requirements for listing (including a sufficient spread of investors) continuing to be satisfied. However, the ASX may itself decide to remove MDL from the official list depending upon factors such as spread of MDL shareholders at that time, the level of liquidity in the Shares and the listing requirements of the ASX;
- subject to the Corporations Act and MDL's constitution, seek to appoint a number of nominees to the MDL Board such that the proportion which ERAMET's nominees represent of the total number of directors on the Board equals or exceeds ERAMET's proportionate ownership interest in MDL. ERAMET has not made any decision as to who would be nominated for appointment to the MDL Board in this case; and
- encourage the Board to continue to not make dividend payments in favour of retaining cash.

## **(B) IMPACT ON EMPLOYEES**

The majority of employees of the MDL Group relate to operational staff at the TiZir Joint Venture, and ERAMET has no immediate plans to change any of those roles.

However, as a result of the implementation of the above intentions, it is possible that the roles performed by employees of the MDL Group at the MDL corporate level (as opposed to the operational TiZir Joint Venture level) will become redundant. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

In the event that MDL is not wholly-owned, ERAMET expects that there would remain a need for MDL's head office function.

## **6.6 OTHER INTENTIONS**

Other than as set out in this section 6, it is the present intention of ERAMET to procure that MDL will:

- generally continue the business of MDL; and
- not make any major changes to the business of MDL nor redeploy any of the fixed assets of MDL.

## **6.7 LIMITATIONS ON INTENTIONS**

The intentions and statements of future conduct set out in this section 6 must be read as being subject to:

- the law (including the Corporations Act) and the Listing Rules, including in particular the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and 'related party' transactions given that, if ERAMET obtains control of MDL but does not acquire all of the Shares, it will be treated as a related party of MDL for these purposes; and
- the legal obligation of the MDL directors at the time, including any nominees of ERAMET, to act in good faith in the best interest of MDL and for proper purposes and to have regard to the interests of all MDL shareholders.

# 7.

# TAX CONSIDERATIONS

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# TAX CONSIDERATIONS



The Directors  
ERAMET SA  
Tour Maine Montparnasse  
33, avenue du Maine  
75755 Paris Cedex 15  
France

14 May 2018

Dear Directors

## **Takeover Bid by ERAMET SA (Bidder) in relation to MDL Limited (MDL) - Australian Tax Implications**

We have been instructed by the Bidder to prepare this letter for inclusion in the Bidder's Statement.

Capitalised terms not otherwise defined in this letter have the meaning given to them in the Bidder's Statement.

### **1 Scope**

This letter contains a general description of the Australian income tax and goods and services (**GST**) consequences for MDL shareholders who either accept the Offer or whose MDL Shares are compulsorily acquired in accordance with Part 6A.1 of the *Corporations Act*.

This letter deals only with MDL shareholders who hold their MDL Shares on capital account for income tax purposes. This letter does not deal with MDL shareholders who:

- hold their MDL Shares for the purpose of speculation or a business of dealing in securities (e.g. as trading stock);
- acquired their MDL Shares pursuant to an employee share, option or rights plan;
- are taken for capital gains tax (**CGT**) purposes to have acquired their MDL Shares before 20 September 1985;
- are subject to the taxation of financial arrangement rules in Division 230 of the *Income Tax Assessment Act 1997* in relation to gains and losses on their MDL Shares; or
- are non-residents of Australia who hold their MDL Shares in carrying on a business through a permanent establishment in Australia.

The information in this letter is based upon the Australian law and administrative practice in effect at the date of this Bidder's Statement, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of an MDL shareholder. MDL shareholders should seek independent professional advice in relation to their own particular circumstances.

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Liability limited by a scheme approved under Professional Standards Legislation

Greenwoods & Herbert Smith Freehills Pty Limited ABN 60 003 146 852

# TAX CONSIDERATIONS



MDL shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Offer under the laws of their country of residence, as well as under Australian law.

## **2 Australian resident shareholders**

### **2.1 MDL shareholders who accept the Offer**

If the Offer becomes unconditional, acceptance of the Offer by an MDL shareholder will involve the disposal of their MDL Shares to the Bidder. This disposal of MDL Shares will constitute a CGT event for CGT purposes.

The date of the CGT event will be the date the contract to dispose of the MDL Shares is formed. If the Offer is accepted, the date the contract to dispose of the MDL Shares is formed will be the date that the Offer is accepted.

### **2.2 Compulsory Acquisition**

If an MDL shareholder does not dispose of their MDL Shares under the Offer and their MDL Shares are compulsorily acquired in accordance with Part 6A.1 of the *Corporations Act*, those MDL shareholders will also be treated as having disposed of their MDL Shares for CGT purposes.

In this case, the date of the CGT event will be the date when the MDL shareholder ceases to be the owner of the MDL Shares.

### **2.3 Calculation of capital gain or capital loss**

MDL shareholders will make a capital gain to the extent that the capital proceeds from the disposal of the MDL shares are more than the cost base of those MDL Shares. Conversely, MDL shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those MDL Shares.

### **2.4 Cost base**

The cost base of the MDL Shares generally includes the purchase price paid for the shares and certain non-deductible incidental costs of their acquisition and disposal. The reduced cost base of the MDL Shares is usually determined in a similar, but not identical, manner.

If the MDL Shares were acquired (for CGT purposes) at or before 11.45am on 21 September 1999, an MDL shareholder who is an individual, a complying superannuation entity or the trustee of a trust may choose to adjust the cost base of their MDL Shares to include indexation by reference to changes in the consumer price index from (generally) the calendar quarter in which their MDL Shares were acquired until the quarter ended 30 September 1999.

MDL shareholders that are companies will include that indexation adjustment in their cost base if their MDL Shares were acquired (for CGT purposes) at or before 11.45am on 21 September 1999. Indexation adjustments are taken into account only for the purposes of calculating capital gains; they are ignored when calculating capital losses.

### **2.5 Capital proceeds**

The capital proceeds for MDL shareholders in respect of the CGT event happening to their MDL Shares should be A\$1.46 per MDL Share.

### **2.6 CGT discount**

Individuals, complying superannuation entities or trusts that have held their MDL Shares for at least 12 months before the CGT event but do not choose, or are not able, to index the cost base of the MDL Shares (refer section 2.4 above) may be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of MDL Shares by 50% in the case of individuals and trusts or by 33⅓% for complying superannuation entities. For trusts, the ultimate availability of the discount for beneficiaries of the trust will depend on the particular circumstances of the beneficiaries.

# TAX CONSIDERATIONS

GREENWOODS  
+ HERBERT  
SMITH  
FREEHILLS

## 2.7 Net capital gains or losses

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain or net capital loss. Any net capital gain is included in assessable income and is subject to income tax.

Net capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

## 3 Non-resident shareholders

For an MDL shareholder who:

- is not a resident of Australia for Australian tax purposes; and
- does not hold their MDL Shares in carrying on a business through a permanent establishment in Australia;

the disposal of MDL Shares will generally only result in Australian CGT implications if:

- (a) that MDL shareholder together with its associates held 10 percent or more of the MDL Shares at the time of the CGT event or for any continuous 12 month period within 2 years preceding the CGT event (referred to as a '**non-portfolio interest**'); and
- (b) more than 50% of MDL's value at the time of the CGT event is attributable to direct or indirect interests in Australian real property (as defined in the income tax legislation) (**TARP Test**).

Non-resident MDL shareholders who hold a non-portfolio interest should obtain independent advice as to the tax implications of a disposal of their MDL Shares.

The Bidder is entitled to withhold part of the consideration payable to MDL shareholders if several conditions are satisfied, including the TARP Test. The Bidder is currently of the view that the TARP Test should not be satisfied and therefore does not expect to withhold any amount in respect of tax from the consideration.

A non-resident individual MDL shareholder who has previously been a resident of Australia and who chooses to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of the MDL Shares as set out in section 2 of this letter.

## 4 GST

MDL shareholders should not be liable to GST in respect of a disposal of their MDL Shares. MDL shareholders may be charged GST on costs (such as advisor fees relating to their participation in the Offer) that relate to the Offer. MDL shareholders may be entitled to input tax credits or reduced input tax credits for such costs.

Yours sincerely



**Greenwoods & Herbert Smith Freehills**

**8.**

# **ADDITIONAL INFORMATION**

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# ADDITIONAL INFORMATION

## 8.1 FOREIGN INVESTMENT REVIEW BOARD APPROVAL

ERAMET has received confirmation that the Commonwealth of Australia has no objection to ERAMET acquiring 100% of the Shares on issue.

## 8.2 DATE FOR DETERMINING HOLDERS OF SHARES

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of subsection 633(1) is the Register Date.

## 8.3 EFFECT OF THE TAKEOVER ON KEY MANAGEMENT CONTRACTS

According to documents provided by MDL to the ASX,<sup>19</sup> the following key management personnel are entitled to 100% of their fixed remuneration in the event that a change of control results in the material diminution of their status/responsibilities:

- R Sennitt (MD): \$625,000
- J Patarica (COO): \$450,000
- G Bell (CFO): \$300,000
- M Evans (CoSec): \$290,000

## 8.4 CONSENTS

This Bidder's Statement contains statements made by, or statements said to be based on statements made by, ERAMET. ERAMET has consented to the inclusion of:

- each statement it has made; and
- each statement which is said to be based on a statement it has made,

in the form and context in which the statements appear and has not withdrawn that consent as at the date of this Bidder's Statement.

The following firms and companies have given, and have not at the date of the Bidder's Statement withdrawn, their written consent to being named in the Bidder's Statement and to the inclusion of the following information in the form and context in which it is included. None of the following firms or companies has caused or authorised the issue of the Bidder's Statement.

- Macquarie Capital (Australia) Limited as the financial adviser to ERAMET
- Herbert Smith Freehills as the legal adviser to ERAMET
- Link Market Services Limited as ERAMET's Share Registry

Greenwoods & Herbert Smith Freehills Pty Limited has given, and not withdrawn before the date of this Bidder's Statement, its written consent to be named in the Bidder's Statement in the form and context in which it is named. Greenwoods & Herbert Smith Freehills has not caused or authorised the issue of the Bidder's Statement and, other than any reference to its name and section 7 (Tax considerations), takes no responsibility for any part of this Bidder's Statement.

<sup>19</sup> Please see MDL's 2017 Annual Report released on 21 February 2018.

# ADDITIONAL INFORMATION

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, within 2 business days of your request (and free of charge) during the bid period, please contact Link Market Services on 1800 218 694 (toll free within Australia) or +61 1800 218 694 (from outside Australia). Calls to this number may be recorded.

In addition, as permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing what purports to be a statement by an official person; or
- which are a correct or fair copy of, or extract from, what purports to be a public official document, or a published book, journal or comparable publication.

In addition, as permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Bidder's Statement contains trading data sourced from IRESS provided without its consent.

## 8.5 ASIC RELIEF

ASIC granted relief so that the Offers may extend to holders of Shares that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by the 2018 Performance Rights, as the 2018 Performance Rights were not yet granted as at the Register Date.

ASIC has also granted relief in relation to the modification of the terms of the Offers so that they can be made on the terms set out in this Bidder's Statement, as the terms of the Offers differ from the terms contained in the original Bidder's Statement dated 27 April 2018.

ERAMET has also relied on various ASIC 'Class Orders' and legislative instruments (including those Class Orders and legislative instruments set out in section 8.4), which provide for modifications and exemptions that apply generally to all persons, including ERAMET, in relation to the operation of Chapter 6 of the Corporations Act.

## 8.6 SOCIAL SECURITY AND SUPERANNUATION IMPLICATIONS OF THE OFFER

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If in any doubt, you should seek specialist advice.

## 8.7 OTHER MATERIAL INFORMATION

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by an MDL shareholder whether or not to accept the Offer; and
- (b) known to ERAMET,

which has not previously been disclosed to MDL shareholders.

9.

# THE TERMS AND CONDITIONS OF THE OFFER

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# THE TERMS AND CONDITIONS OF THE OFFER

## 9.1 OFFER

- (a) ERAMET offers to acquire all of Your Shares on and subject to the terms and conditions set out in section 9.7 of this Bidder's Statement.
- (b) The consideration under the Offer is \$1.46 per Share.
- (c) By accepting this Offer, you undertake to transfer to ERAMET not only the Shares to which the Offer relates, but also all Rights attached to those Shares (see section 9.5(c)(6) and section 9.6(c)).
- (d) This Offer is being made to each person registered as the holder of Shares in the register of MDL shareholders at 7.00pm (Sydney time) on the Register Date. It also extends to:
  - (1) holders of securities that come to be holders of Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, such securities (including Performance Rights) and which are on issue as at the Register Date or which, subject to ASIC granting any necessary relief (which has now been obtained), are 2018 Performance Rights; and
  - (2) any person who becomes registered, or entitled to be registered, as the holder of Your Shares during the Offer Period.
- (e) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of the Shares to which this Offer relates:
  - (1) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Shares; and
  - (2) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other Shares you hold to which the Offer relates; and
  - (3) this Offer will be deemed to have been withdrawn immediately at that time.
- (f) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call Link Market Services on 1800 218 694 (toll free within Australia) or +61 1800 218 694 (from outside Australia) to request those additional copies.
- (g) If Your Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.
- (h) The Offer is dated 14 May 2018.

## 9.2 OFFER PERIOD

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 7:00pm (Sydney time) on the later of:
  - (1) 21 June 2018; or
  - (2) any date to which the Offer Period is extended.
- (b) ERAMET reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.

# THE TERMS AND CONDITIONS OF THE OFFER

(c) If, within the last 7 days of the Offer Period, either of the following events occur:

- (1) the Offer is varied to improve the consideration offered; or
- (2) ERAMET's voting power in MDL increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

## 9.3 HOW TO ACCEPT THIS OFFER

### (a) GENERAL

- (1) Subject to section 9.1(e) and section 9.1(f), you may accept this Offer only for all of Your Shares.
- (2) You may accept this Offer at any time during the Offer Period.

### (b) SHARES HELD IN YOUR NAME ON MDL'S ISSUER SPONSORED SUBREGISTER

To accept this Offer for Shares held in your name on MDL's issuer sponsored subregister (in which case your Securityholder Reference Number will commence with 'I'), you must:

- (1) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (2) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Acceptance Form.

### (c) SHARES HELD IN YOUR NAME IN A CHESS HOLDING

- (1) If Your Shares are held in your name in a CHES Holding (in which case your Holder Identification Number will commence with 'X') and you are not a Participant, you should instruct your Controlling Participant (for MDL shareholders who are not institutions, this is normally the stockbroker through whom you bought Your Shares or through whom you ordinarily acquire shares on the ASX) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (2) If Your Shares are held in your name in a CHES Holding (in which case your Holder Identification Number will commence with 'X') and you are a Participant, you should initiate acceptance of this Offer in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (3) Alternatively, to accept this Offer for Shares held in your name in a CHES Holding (in which case your Holder Identification Number will commence with 'X'), you may sign and complete the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form and ensure that it (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Acceptance Form.
- (4) If Your Shares are held in your name in a CHES Holding (in which case your Holder Identification Number will commence with 'X'), you must comply with any other applicable ASX Settlement Operating Rules.

# THE TERMS AND CONDITIONS OF THE OFFER

## **(d) SHARES OF WHICH YOU ARE ENTITLED TO BE REGISTERED AS HOLDER**

To accept this Offer for Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:

- (1) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (2) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Acceptance Form.

## **(e) ACCEPTANCE FORM AND OTHER DOCUMENTS**

- (1) The Acceptance Form forms part of the Offer.
- (2) If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by ERAMET at one of the addresses shown on the Acceptance Form before the end of the Offer Period.
- (3) When using the Acceptance Form to accept this Offer in respect of Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instruction on the Acceptance Form) are received by ERAMET in time for ERAMET to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (4) The postage and transmission of the Acceptance Form and other documents is at your own risk.

## **9.4 VALIDITY OF ACCEPTANCES**

- (a) Subject to this section 9.4, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in section 9.3.
- (b) ERAMET will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. ERAMET is not required to communicate with you prior to making this determination. The determination of ERAMET will be final and binding on all parties.
- (c) Notwithstanding section 9.3(b), section 9.3(c), section 9.3(d) and section 9.3(e), ERAMET may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Your Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by ERAMET.
- (d) Where you have satisfied the requirements for acceptance in respect of only some of Your Shares, ERAMET may, in its sole discretion, regard the Offer to be accepted in respect of those of Your Shares but not the remainder.
- (e) ERAMET will provide the consideration to you in accordance with section 9.6, in respect of any part of an acceptance determined by ERAMET to be valid.

# THE TERMS AND CONDITIONS OF THE OFFER

## 9.5 THE EFFECT OF ACCEPTANCE

- (a) Once you have accepted this Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw Your Shares from the Offer or otherwise dispose of Your Shares, except as follows:
- (1) if, by the relevant times specified in section 9.5(b), the conditions in section 9.7 have not all been fulfilled or freed, this Offer will automatically terminate and Your Shares will be returned to you; or
  - (2) if the Offer Period is extended for more than one month and the obligations of ERAMET to pay the consideration are postponed for more than one month and, at the time, this Offer is subject to one or more of the conditions in section 9.7 you may be able to withdraw your acceptance and Your Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant times for the purposes of section 9.5(a)(1) are:
- (1) in relation to the condition in section 9.7(e) the end of the third Business Day after the end of the Offer Period; and
  - (2) in relation to all other conditions in section 9.7 the end of the Offer Period.
- (c) By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 9.3, you will be deemed to have:
- (1) accepted this Offer (and any variation of it) in respect of, and, subject to all of the conditions to this Offer in section 9.7 being fulfilled or freed, agreed to transfer to ERAMET, Your Shares (even if the number of Shares specified on the Acceptance Form differs from the number of Your Shares), subject to section 9.1(e) and section 9.1(f);
  - (2) represented and warranted to ERAMET, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of Your Shares (including any rights) to ERAMET is registered, that all Your Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in Your Shares (including any Rights) to ERAMET, and that you have paid to MDL all amounts which at the time of acceptance have fallen due for payment to MDL in respect of Your Shares;
  - (3) irrevocably authorised ERAMET (and any director, secretary or nominee of ERAMET) to alter the Acceptance Form on your behalf by inserting correct details of Your Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by ERAMET to make it an effective acceptance of this Offer or to enable registration of Your Shares in the name of ERAMET;
  - (4) if you signed the Acceptance Form in respect of Shares which are held in a CHES Holding, irrevocably authorised ERAMET (or any director, secretary or agent of ERAMET) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of Your Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules;
  - (5) if you signed the Acceptance Form in respect of Shares which are held in a CHES Holding, irrevocably authorised ERAMET (or any director, secretary or agent of ERAMET) to give any other instructions in relation to Your Shares to your Controlling Participant, as determined by ERAMET acting in its own interests as a beneficial owner and intended registered holder of those Shares;
  - (6) irrevocably authorised and directed MDL to pay to ERAMET, or to account to ERAMET for, all Rights in respect of Your Shares, subject, if this Offer is withdrawn, to ERAMET accounting to you for any such Rights received by ERAMET;

# THE TERMS AND CONDITIONS OF THE OFFER

- (7) irrevocably authorised ERAMET to notify MDL on your behalf that your place of address for the purpose of serving notices upon you in respect of Your Shares is the address specified by ERAMET in the notification;
  - (8) with effect from the date on which all the conditions to this Offer in section 9.7 have been fulfilled or freed, to have irrevocably appointed ERAMET (and any director, secretary or nominee of ERAMET) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to Your Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings of MDL and to request MDL to register, in the name of ERAMET or its nominee, Your Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
  - (9) with effect from the time and date on which all the conditions to this Offer in section 9.7 have been fulfilled or freed, to have agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-ordered meeting of MDL or to exercise or purport to exercise any of the powers and rights conferred on ERAMET (and its directors, secretaries and nominees) in section 9.5(c)(8);
  - (10) agreed that in exercising the powers and rights conferred by the powers of attorney granted under section 9.5(c)(8), the attorney will be entitled to act in the interests of ERAMET as the beneficial owner and intended registered holder of Your Shares;
  - (11) agreed to do all such acts, matters and things that ERAMET may require to give effect to the matters the subject of this section 9.5(c) (including the execution of a written form of proxy to the same effect as this section 9.5(c) which complies in all respects with the requirements of the constitution of MDL) if requested by ERAMET;
  - (12) agreed to indemnify ERAMET in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Securityholder Reference Number or in consequence of the transfer of Your Shares to ERAMET being registered by MDL without production of your Holder Identification Number or your Securityholder Reference Number for Your Shares;
  - (13) represented and warranted to ERAMET that, unless you have notified it in accordance with section 9.1(f), Your Shares do not consist of separate parcels of Shares;
  - (14) irrevocably authorised ERAMET (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer Your Shares to ERAMET's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer; and
  - (15) agreed, subject to the conditions of this Offer in section 9.7 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that ERAMET may consider necessary or desirable to convey Your Shares registered in your name and Rights to ERAMET.
- (d) The undertakings and authorities referred to in section 9.5(c) will remain in force after you receive the consideration for Your Shares and after ERAMET becomes registered as the holder of Your Shares.

## 9.6 PAYMENT OF CONSIDERATION

- (a) Subject to this section 9.6 and the Corporations Act, ERAMET will provide the consideration due to you for Your Shares on or before the earlier of:
  - (1) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within one month after this Offer becomes unconditional; and
  - (2) 21 days after the end of the Offer Period.

# THE TERMS AND CONDITIONS OF THE OFFER

- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
- (1) if that document is given with your Acceptance Form, ERAMET will provide the consideration in accordance with section 9.6(a);
  - (2) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is subject to a defeating condition, ERAMET will provide the consideration due to you on or before the earlier of one month after this Offer becomes unconditional and 21 days after the end of the Offer Period;
  - (3) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is not subject to a defeating condition, ERAMET will provide the consideration due to you on or before the earlier of one month after that document is given and 21 days after the end of this Offer period;
  - (4) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, ERAMET will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, ERAMET will provide the consideration due to you within 21 days after the Offer becomes unconditional.
- (c) If you accept this Offer, ERAMET is entitled to all Rights in respect of Your Shares. ERAMET may require you to provide all documents necessary to vest title to those Rights in ERAMET, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to ERAMET, or if you have (or any previous owner of Your Shares has) received the benefit of those Rights, ERAMET will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by ERAMET) of those Rights. However no amount will be deducted in respect of the franking credits (if any) attached to the Rights.
- (d) The consideration payable by ERAMET to you under the Offer will be paid to you by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address as shown either, at the discretion of ERAMET, on your Acceptance Form or the register copy supplied by MDL from time to time.
- (e) If at the time you accept the Offer, any authority, clearance or approval is required for you to receive any consideration for Your Shares, including (but not limited to) any authority, clearance or approval of:
- (1) the Reserve Bank of Australia (whether under the *Banking (Foreign) Exchange Regulations 1959* (Cth) or otherwise);
  - (2) the Minister for Foreign Affairs (whether under the *Charter of the United Nations Act 1945* (Cth), the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth), the *Autonomous Sanctions Act 2011* (Cth), or any regulations made thereunder or otherwise);
  - (3) the ATO; or
  - (4) any other person as required by any other law of Australia that would make it unlawful for ERAMET to provide any consideration for Your Shares,

then you will not be entitled to receive any consideration for Your Shares until all requisite authorities, clearances or approvals have been received by ERAMET.

# THE TERMS AND CONDITIONS OF THE OFFER

## 9.7 CONDITIONS OF THE OFFER

Subject to section 9.8, the completion of this Offer and any contract that results from an acceptance of this Offer, are subject to the fulfilment of the conditions set out below:

### (a) MINIMUM ACCEPTANCE

Before the end of the Offer Period, ERAMET has a relevant interest in such number of Shares which represent at least 50.01% of all the Shares (on a fully diluted basis).

### (b) NO REGULATORY ACTION

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

- (1) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
- (2) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (3) no application is made to any Public Authority (other than by ERAMET or any associate of ERAMET),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, or action or investigation by, 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 Offer and the completion of any transaction contemplated by this Bidder's Statement (including, without limitation, full, lawful, timely and effectual implementation of the intentions set out in section 6 of this Bidder's Statement) or which requires the divestiture by ERAMET of any Shares or any material assets of an MDL Group Member.

### (c) NO MATERIAL ADVERSE CHANGE

- (1) Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs:
  - (A) an event (including that any litigation is commenced, threatened to be commenced or announced or that any Public Authority sends or issues a demand, tax assessment or other notice claiming an amount for or seeking to impose liability upon any MDL Group Member or the occurrence of any adverse regulatory action by a Public Authority including actions that result in the loss of any mining or other rights by any MDL Group Member), change, condition, matter or thing occurs or will or is reasonably likely to occur;
  - (B) information is disclosed or announced by MDL concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
  - (C) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to ERAMET (whether or not becoming public), (each of (A), (B) and (C), a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things 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 MDL Group taken as a whole;

# THE TERMS AND CONDITIONS OF THE OFFER

- (E) without limiting the generality of section 9.7(c)(1)(D):
- the effect of a diminution in the value of the consolidated net assets of the MDL Group, taken as a whole, by at least \$10 million against what it would reasonably have been expected to have been but for such Specified Event;
  - the effect of a diminution in the value of the consolidated net assets of the TiZir Group, taken as a whole, by at least \$20 million against what it would reasonably have been expected to have been but for such Specified Event; or
  - the effect of a diminution in the value of the consolidated earnings before interest, tax, depreciation and amortisation of the TiZir Group, taken as a whole, by at least \$8 million in any financial year of the TiZir Group against what it would reasonably have been expected to have been but for such Specified Event,
- other than:
- (F) matters, events or circumstances occurring with the prior written consent of ERAMET or which MDL disclosed in an announcement made to the ASX prior to the Announcement Date; or
- (G) general changes in economic or business conditions (including changes in currency exchange rates).
- (2) For the purposes of section 9.7(c)(1), ERAMET shall not be taken to know of information concerning any event, change, condition, matter or thing before the Announcement Date, unless the magnitude of the event, change, condition, matter or thing has been disclosed by MDL in its public filings with the ASX before the Announcement Date.

## **(d) ACQUISITIONS, DISPOSALS AND OTHER MATTERS**

Between the Announcement Date and the end of the Offer Period (each inclusive), other than as approved by ERAMET's nominees on the board of TiZir Limited and recorded in board minutes or resolutions, no MDL Group Member:

- (1) acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in the manner in which the MDL Group conducts its business or the nature (including balance sheet classification), extent or value of the assets or liabilities of the MDL Group (taken as a whole);
- (2) without limiting section 9.7(d)(1):
- (A) makes any change to its constitutional documents;
  - (B) commences business activities not already carried out as at the Announcement Date, whether by way of acquisition or otherwise;
  - (C) acquires, leases, disposes of, or agrees to acquire, lease or dispose of, any business, assets, entity or undertaking, the value of which exceeds \$5 million (individually or in aggregate);
  - (D) enters into any contract or commitment (including in respect of financial indebtedness) requiring payments by the MDL Group in excess of \$3 million (individually or in aggregate) other than any payment required by law;
  - (E) agrees to incur capital expenditure from the Announcement Date of more than \$500,000 (individually or in aggregate);
  - (F) accepts as a compromise of a matter less than the full compensation due to a member of the MDL Group where the financial impact of the compromise on the MDL Group is more than \$500,000 (individually or in aggregate);

# THE TERMS AND CONDITIONS OF THE OFFER

- (G) provides financial accommodation other than to members of the MDL Group (irrespective of what form of financial indebtedness that accommodation takes) in excess of \$200,000 (individually or in aggregate);
  - (H) enters into any agreement, arrangement or transaction with respect to derivative instruments (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
  - (I) enters into, or resolves to enter into, a transaction with any related party of MDL (other than a related party which is a member of the MDL Group), as defined in section 228 of the Corporations Act;
  - (J) other than a TiZir Group Member enters into or materially alters, varies or amends any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, other executives or employees, or accelerates or otherwise materially increases compensation or benefits for any of the above, provided that the aggregate of all increases in compensation or benefits is no greater than \$100,000; or
  - (K) other than a TiZir Group Member pays any of its directors or employees a termination or retention payment, other than in accordance with contractual arrangements in effect on the Announcement Date and which have been publicly disclosed; or
- (3) authorises, commits, agrees or announces an intention to do any of the matters set out above.

## **(e) NO PRESCRIBED OCCURRENCES**

Between the Announcement Date and the date that is 3 Business Days after 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:

- (1) MDL converting all or any of the Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (2) an MDL Group Member (other than a TiZir Group Member) resolving to reduce its share capital in any way;
- (3) an MDL Group Member (other than a TiZir Group Member) entering into a buyback agreement or resolving to approve the terms of a buyback agreement under subsections 257C(1) or 257D(1) of the Corporations Act;
- (4) an MDL Group Member (other than a TiZir Group Member) making an issue of shares (other than Shares issued as a result of the exercise, conversion or vesting of Performance Rights which are on issue at the Announcement Date or the 2018 Performance Rights) or granting an option over its shares or granting any rights that are convertible into share(s) or agreeing to make such an issue or grant such an option or right (other than granting of the 2018 Performance Rights);
- (5) an MDL Group Member (other than a TiZir Group Member) issuing, or agreeing to issue, convertible notes;
- (6) an MDL Group Member (other than a TiZir Group Member) disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (7) an MDL Group Member (other than a TiZir Group Member) granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (8) an MDL Group Member (other than a TiZir Group Member) resolving that it be wound up;
- (9) the appointment of a liquidator or provisional liquidator of an MDL Group Member (other than a TiZir Group Member);
- (10) the making of an order by a court for the winding up of an MDL Group Member (other than a TiZir Group Member);

# THE TERMS AND CONDITIONS OF THE OFFER

- (11) an administrator of an MDL Group Member (other than a TiZir Group Member) being appointed under section 436A, 436B or 436C of the Corporations Act;
- (12) an MDL Group Member (other than a TiZir Group Member) executing a deed of company arrangement; or
- (13) 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 an MDL Group Member (other than a TiZir Group Member).

## 9.8 NATURE AND BENEFIT OF CONDITIONS

- (a) The conditions in section 9.7 are conditions subsequent. The non fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the conditions in section 9.7(e), until the end of the third Business Day after the end of the Offer Period), prevent a contract to sell Your Shares from arising, but non-fulfilment of any of those conditions will have the consequences set out in section 9.9(b).
- (b) Subject to the Corporations Act, ERAMET alone is entitled to the benefit of the conditions in section 9.7, or to rely on any non fulfilment of any of them.
- (c) Each condition in section 9.7 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

## 9.9 FREEING THE OFFER OF CONDITIONS

- (a) ERAMET may free this Offer, and any contract resulting from its acceptance, from all or any of the conditions subsequent in section 9.7, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to MDL and to the ASX declaring this Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:
  - (1) in the case of the condition in section 9.7(e), not later than 3 Business Days after the end of the Offer Period; and
  - (2) in the case of all the other conditions in section 9.7, not less than 7 days before the end of the Offer Period.
- (b) If, at the end of the Offer Period (or in the case of the conditions in section 9.7(e), at the end of the third Business Day after the end of the Offer Period), the conditions in section 9.7 have not been fulfilled and ERAMET has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

## 9.10 NOTICE ON STATUS OF CONDITIONS

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is 13 June 2018 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

# THE TERMS AND CONDITIONS OF THE OFFER

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## **9.11 WITHDRAWAL OF THIS OFFER**

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, ERAMET will give notice of the withdrawal to the ASX and to MDL and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Offer is withdrawn, all the conditions in section 9.7 have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the conditions in section 9.7, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to section 9.11 will be deemed to take effect:
  - (1) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date that consent in writing is given by ASIC; or
  - (2) if the withdrawal is subject to conditions imposed by ASIC, on and after the date those conditions are satisfied.

## **9.12 VARIATION OF THIS OFFER**

ERAMET may vary this Offer in accordance with the Corporations Act.

## **9.13 NO STAMP DUTY**

ERAMET will pay any stamp duty on the transfer of Your Shares to it.

## **9.14 GOVERNING LAWS**

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in New South Wales, Australia.

# 10.

## **DEFINITIONS AND INTERPRETATION**

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# DEFINITIONS AND INTERPRETATION

In this Bidder's Statement and in the Acceptance Form unless the context otherwise requires, the following terms have the meanings shown below:

Term	Meaning
<b>\$ or A\$</b>	Australian dollars, the lawful currency of the Commonwealth of Australia.
<b>2018 Performance Rights</b>	up to 702,689 unlisted performance rights proposed to be issued by MDL under the MDL Performance Rights Plan, further details of which are set out in MDL's notice of annual general meeting released to the ASX on 23 April 2018.
<b>Acceptance Form</b>	the acceptance form enclosed with this Bidder's Statement.
<b>Announcement Date</b>	the date of the announcement of the Offer by ERAMET, being 27 April 2018.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning given in section 12(2) of the Corporations Act as though MDL was the 'designated body'.
<b>ASX</b>	as the context requires, ASX Limited ABN 98 008 624 691 or the securities market conducted by it.
<b>ASX Corporate Governance Guidelines</b>	the document titled 'Corporate Governance Principles and Recommendations' released by the ASX on 27 March 2014, as amended from time to time.
<b>ASX Settlement</b>	ASX Settlement Pty Limited ABN 49 008 504 532.
<b>ASX Settlement Operating Rules</b>	the operating rules of ASX Settlement which govern the administration of the Clearing House Electronic Sub register System.
<b>ATO</b>	Australian Taxation Office.
<b>Bidder's Statement</b>	this document, being the replacement statement of ERAMET under Part 6.5 Division 2 of the Corporations Act (as modified by ASIC Class Order [CO 13/528]) relating to the Offer.
<b>Business Day</b>	a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday.
<b>Board</b>	the board of directors of MDL.
<b>CGT</b>	capital gains tax.
<b>CHESS Holding</b>	a number of Shares which are registered on the MDL share register being a register administered by ASX Settlement Pty Limited and which records uncertificated holdings of Shares.
<b>Controlling Participant</b>	in relation to Your Shares, has the same meaning as in the ASX Settlement Operating Rules.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).

# DEFINITIONS AND INTERPRETATION

Term	Meaning
<b>ERAMET</b>	ERAMET SA, French company incorporated under the Companies Registry of Paris under number 632 045 381.
<b>ERAMET Group</b>	ERAMET and each of its Subsidiaries (but excluding, for the avoidance of doubt, the TiZir Group) and ERAMET Group Member means any member of the ERAMET Group.
<b>GCO</b>	has the meaning given in section 3.2.
<b>Holder Identification Number</b>	has the same meaning as in the ASX Settlement Operating Rules.
<b>Issuer Sponsored Holding</b>	a holding of Shares on the MDL issuer sponsored subregister.
<b>Last Practicable Date</b>	24 April 2018, being the date that is two Business Days before the Announcement Date.
<b>Link Market Services</b>	Link Market Services Limited ABN 54 083 214 537.
<b>Listing Rules</b>	the Official Listing Rules of the ASX, as amended and waived by the ASX from time to time.
<b>MDL</b>	Mineral Deposits Limited ABN 19 064 377 420.
<b>MDL Group</b>	MDL and each of its Subsidiaries and the TiZir Group and MDL Group Member means any member of the MDL Group.
<b>MDL Performance Rights Plan</b>	the performance rights plan approved by MDL shareholders on 20 May 2016 as amended by MDL shareholders on 4 May 2017.
<b>Offer</b>	the offer for Shares under the terms and conditions contained in section 9 of this Bidder's Statement.
<b>Offer Period</b>	the period during which the Offer will remain open for acceptance in accordance with section 9.2 of this Bidder's Statement.
<b>Offer Price</b>	\$1.46 cash per Share, on the terms and conditions set out in section 9.
<b>Participant</b>	an entity admitted to participate in the Clearing House Electronic Sub-register System under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.
<b>Performance Rights</b>	the unlisted performance rights granted by MDL under the MDL Performance Rights Plan and that are on issue as at the Announcement Date, being 2,338,209 unlisted performance rights.
<b>Public Authority</b>	any government or any governmental, semi governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchange.

# DEFINITIONS AND INTERPRETATION

Term	Meaning
<b>Register Date</b>	the date set by ERAMET under section 633(2) of the Corporations Act, being 7.00pm (Sydney time) 2 May 2018.
<b>Rights</b>	all accreditations, rights or benefits of whatever kind attaching or arising from Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends, distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by the MDL Group).
<b>Security Interest</b>	has the same meaning as in section 51A of the Corporations Act.
<b>Securityholder Reference Number</b>	has the same meaning as in the ASX Settlement Operating Rules.
<b>Share or MDL Share</b>	fully paid ordinary share in the capital of MDL.
<b>Subsidiary</b>	has the meaning given in the Corporations Act.
<b>Takeover Transferee Holding</b>	has the same meaning as in the ASX Settlement Operating Rules.
<b>Target's Statement</b>	the document (including the appendices), to be prepared by MDL under Part 6.5 Division 3 of the Corporations Act.
<b>TiZir Joint Venture</b>	<p>the incorporated joint venture between MDL and ERAMET comprising their respective 50% interest in the TiZir Group.</p> <p>TiZir Limited is the holding company for the joint venture's 90% interest in GCO and its 100% interest in TTI.</p> <p>MDL's interest in TiZir Limited is held through its wholly owned subsidiary, MDL (Mining) Limited and ERAMET's interest in TiZir Limited is held through its wholly owned subsidiary Eralloys Holding AS.</p>
<b>TiZir Limited</b>	TiZir Limited, a private limited company registered in the Register of Companies for England and Wales under company number 07727671.
<b>TiZir Group</b>	TiZir Limited, TiZir Titanium & Iron AS, Grande Côte Operations SA and each of TiZir Limited's Subsidiaries and TiZir Group Member means any member of the TiZir Group.
<b>TTI</b>	has the meaning given in section 3.2.
<b>VWAP</b>	volume weighted average price.
<b>Your Shares</b>	subject to section 9.1(e) and section 9.1(f), the Shares (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of MDL at 7.00pm Sydney time on the Register Date, or (b) to which you are able to give good title at the time you accept this Offer during the Offer Period.

# DEFINITIONS AND INTERPRETATION

## 10.2 INTERPRETATION

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise requires:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a clause, section, attachment and schedule is a reference to a clause of, section of and an attachment and schedule to this Bidder's Statement as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Bidder's Statement;
- (h) a reference to time is a reference to time in Sydney, Australia;
- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

# 11.

## APPROVAL OF BIDDER'S STATEMENT

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# APPROVAL OF BIDDER'S STATEMENT

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This Bidder's Statement has been approved by a resolution passed by the directors of ERAMET.

**Date:** 14 May 2018

Signed for and on behalf of ERAMET

sign here:



**print name:** Christel Bories



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# CORPORATE DIRECTORY

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## **ERAMET SA**

Tour Maine Montparnasse  
33, avenue du Maine  
75755 Paris Cedex 15  
France

## **FINANCIAL ADVISER**

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50 Martin Place  
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## **ERAMET SHARE REGISTRY**

Link Market Services  
Level 12, 680 George Street  
Sydney NSW 2000

## **LEGAL ADVISER**

Herbert Smith Freehills  
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161 Castlereagh Street  
Sydney NSW 2000

## **ERAMET OFFER INFORMATION LINE**

1800 218 694 (toll-free within Australia)  
or +61 1800 218 694 (from outside Australia)



**ERAMET**