

15 OCTOBER 2015

METALS X ANNOUNCES SCRIP BID FOR ADITYA BIRLA MINERALS LIMITED

Metals X Limited (ASX:MLX) (Metals X) is pleased to announce its intention to make an off-market takeover offer (Offer) for all of the issued shares in Aditya Birla Minerals Limited (ASX: ABY) (Aditya Birla).

Metals X's Offer is **1 Metals X Share for every 5 Aditya Birla Shares**.

The Offer is equivalent to approximately **\$0.274 per Aditya Birla Share** compared to the closing price of \$0.17 yesterday.¹

- ✓ **60.6% premium** based on Metals X and Aditya Birla closing prices on the day prior to this announcement.
- ✓ **46.9% premium** based on a 1 month VWAP.²
- ✓ **41.6% premium** based on a 2 month VWAP.³
- ✓ **19% premium** based on a 3 month VWAP.⁴

The Offer is subject to conditions, including a 90% acceptance condition. The conditions are set out in full in the Annexure attached to this announcement.

In making this Offer Metals X recognises that Aditya Birla's controlling 51% shareholder, Hindalco Industries Limited (Hindalco) must accept this Offer in order for other Aditya Birla shareholders to also accept this Offer. Metals X acknowledges the control of Hindalco as major shareholder and the importance of Hindalco's role as long term copper product off-taker.

Metals X wrote to Aditya Birla and sought to commence merger discussions in May 2015, but has been unable to initiate any engagement with Aditya Birla.

Metals X has determined the best course is to set out our intentions in a fully formed Offer made directly to Aditya Birla shareholders, which is the subject of today's announcement.

In this way Metals X believes all Aditya Birla shareholders, including Hindalco, will have a complete basis to consider and assess what Metals X believes is a very attractive Offer.

Metals X is offering Aditya Birla shareholders a quick and certain opportunity to trade out of your underperforming Aditya Birla Shares and into Metals X shares, should our conditions be satisfied.

A copy of the Bidder's Statement prepared by Metals X is being provided today to Aditya Birla and ASIC and will separately be released to ASX.

1 Metals X closing price of \$1.365 and Aditya Birla closing price of \$0.17 on 14 October 2015.
2 Volume weighted average price (VWAP) from 15 September to 14 October 2015 sourced from IRESS.
3 VWAP from 17 August to 14 October 2015 sourced from IRESS.
4 VWAP from 16 July to 14 October 2015 sourced from IRESS.

ABOUT THE OFFER

The Offer is a compelling opportunity to exchange Aditya Birla Shares for shares in Metals X,

- ✓ Metals X is a well credentialed, well performing mining company
- ✓ Metals X has the management and operating experience to take on the challenge of turning around the underperforming Nifty Mine
- ✓ Because we are offering shares in Metals X, if the bid is successful, accepting shareholders will:
 - retain exposure to any upside realised by Metals X acquiring ownership of the Nifty Mine;
 - diversify their risk exposure, as Metals X has a portfolio of gold, tin and other base metal assets; and
 - enjoy the benefit of future dividends that may be paid by Metals X.⁵

Commenting on the Offer, Metals X CEO and Managing Director Peter Cook said:

“Aditya Birla is an underperforming Company and its shareholders have seen substantial loss of wealth over the last few years. Nifty is an underperforming asset and continues to be a challenging operation which with appropriate stewardship is capable of being a good mine. However, Metals X believes its underground mining experience, technical capability, financial capacity and experience in operating Western Australian mines make Metals X almost uniquely placed to take on the Nifty challenge.”

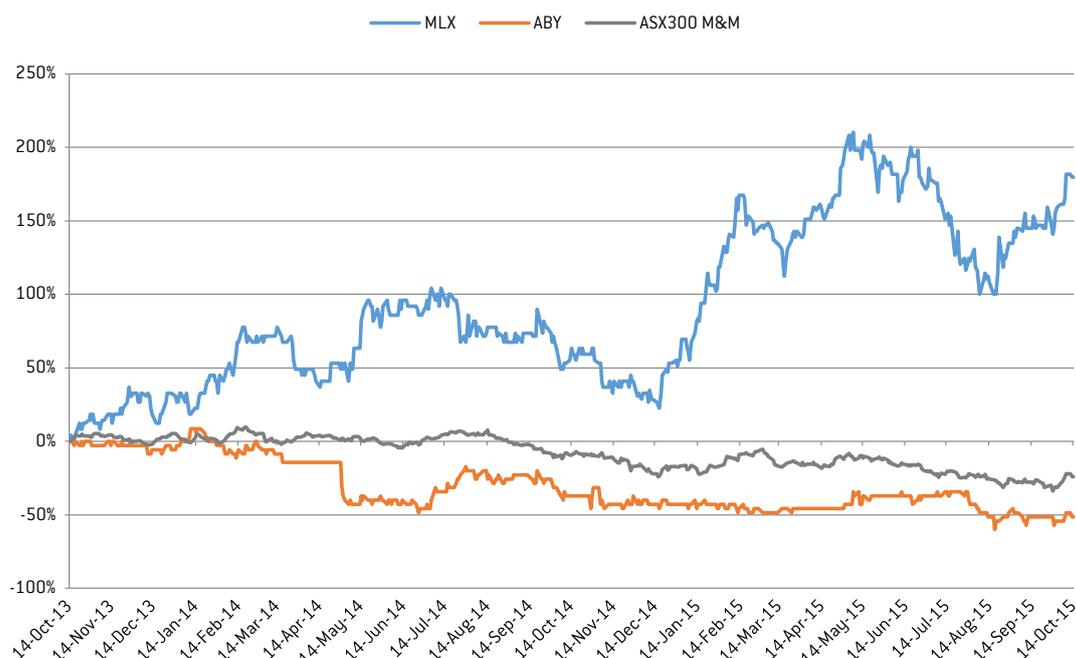
METALS X STRATEGY

Metals X has a strategy of developing a diversified portfolio of mining assets. Metals X has built its portfolio by identify underperforming assets to which Metals X can apply its mining expertise and financial and operating discipline to create value for its shareholders.

Currently Metals X operates three key divisions: gold, tin and nickel as well as other exploration activities. Metals X wishes to expand its operating and commodity diversification strategy by adding copper as a new operating division.

Metals X believes Aditya Birla and the underperforming Nifty Mine is an ideal opportunity in the right location, right commodity and right time in the cycle, and provides a logical next step in the growth profile of Metals X. It provides desirable diversification into copper, and is the profile of mining operation that fits Metals X mining expertise.

Metals X strategy of being a diversified mining company developing and operating successful mining operations has seen Metals X outperform the majority of other Australian mining companies within the S&P/ASX 300 Metals & Mining Index over the past 2 years. Metals X's total shareholder return over the twelve months to 14 October 2015 was 61.6%.⁶



⁵ Metals X current policy is to pay 30% of NPAT as dividends.

⁶ Capital growth in the MLX Share Price from 14 October 2014 to 14 October 2015 including dividends paid.

ADVISORS

Metals X is advised by –

Corporate Advisors: **Xavier Group**
Legal Advisor: **HopgoodGamin**

ENQUIRIES

Peter Cook
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Annexure

1. Conditions of the Offer

The conditions to the Offer will be:

(a) FIRB

Before the end of the Offer Period, Metals X (and its associates) receives FIRB approval for the purposes of the FATA so as to enable Metals X (and its associates) to acquire the Aditya Birla Shares, which will be taken to have been obtained on the earlier of:

- (1) receiving written notice from the Treasurer of the Commonwealth of Australia or his delegate to the effect that there are no objections under the FATA or Australia's foreign investment policy to the proposed acquisition to the fullest extent contemplated by this Bidder's Statement; and
- (2) the period during which the Treasurer of the Commonwealth of Australia is empowered by section 26 of the FATA to make an order prohibiting the proposed acquisitions described above by Metals X expiring without any order (other than an interim order) having been made.

(b) Minimum acceptance

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

(c) Index out

Between the Announcement Date and the end of the Offer Period (each inclusive) the S&P/ASX 200 Index does not close below 4500 for three or more consecutive trading days.

(d) Metals X Share price

The volume weighted average price of a Metals X Share over three or more consecutive trading days on the ASX does not fall below A\$1.10 at any time between the Announcement Date and the end of the Offer Period (each inclusive).

(e) Aditya Birla Share price

The volume weighted average price of an Aditya Birla Share over three or more consecutive trading days on the ASX does not fall below A\$0.10 at any time between the Announcement Date and the end of the Offer Period (each inclusive).

(f) Gold price

The spot gold price for gold as quoted on Bloomberg does not fall below A\$1,250 per ounce at any time during a day for three or more consecutive days between the Announcement Date and the end of the Offer Period (each inclusive).

(g) Copper price

The cash sale price of copper as quoted on the London Metals Exchange (converted from US dollars to Australian dollars using the official exchange rate published by the Reserve Bank of Australia on the relevant day) does not fall below A\$6,000 per tonne for three or more consecutive trading days between the Announcement Date and the end of the Offer Period (each inclusive).

(h) Disclosure - Nifty Concentrate Offtake Agreement

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

(i) Independent Expert review - Nifty Concentrate Offtake Agreement

That in respect of the Nifty Concentrate Offtake Agreement:

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

(j) Price Participation - Nifty Concentrate Offtake Agreement

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

(k) Data Room Access

That within 3 Business Days of Aditya Birla establishing or compiling a due diligence data room (whether in physical, virtual or electronic form) capable of access by any third party (**Data Room**) comprising due diligence material in connection with the strategic review process announced by Aditya Birla on 7 October 2015, Aditya Birla provides access to Metals X to that Data Room.

(l) Sale of Mt Gordon

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

(m) Material adverse change

- (1) In this condition **Event** means any event, change, condition, matter or thing.

(2) Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs (whether or not becoming public):

- (A) an Event (including a decision of a Government Agency or a change in law) occurs or will or is reasonably likely to occur;
- (B) information is disclosed or announced by Aditya Birla concerning any Event; or
- (C) information concerning any Event becomes known to Metals X (whether or not becoming public),

(each of (A), (B) and (C) a **Specified Event**) which, whether individually or when aggregated with all such Events of a like kind that have occurred or are reasonably likely to occur (including a decision of a Government Agency or a change in law), 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 Aditya Birla Group taken as a whole; or
- (E) without limiting the generality of the previous section, would have the effect of:
 - (1) a diminution in the value of the consolidated net assets of the Aditya Birla Group, taken as a whole, by at least A\$5 million against what it would reasonably have been expected to have been but for such Specified Event; or
 - (2) materially adversely breaching, constraining, impairing, terminating or otherwise triggering any review or action by a Government Agency that could reasonably be expected to give rise to such a material adverse effect on any of the material Tenements or any material Authorisation, including an environmental Authorisation, in connection with any Tenements.

(3) A Specified Event shall not include an Event:

- (A) fully and fairly disclosed by Aditya Birla on the ASX within 6 months prior to the Announcement Date, including the Mt Gordon Sale Announcement dated 21 September 2015;
- (B) relating to the state of securities markets in general; or
- (C) resulting from any changes in the copper mining industry in general.

(n) No untrue statements to the ASX

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

(o) Conduct of business

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

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

(p) Nifty

In relation to Nifty:

- (1) between the Announcement Date and the end of the Offer Period (each inclusive), there is no prohibition notice, interim order or other action taken by any Government Agency that is announced or becomes known to Metals X or Aditya Birla beyond matters disclosed by Aditya Birla prior to the Announcement Date, which adversely jeopardises, restrains, prohibits or impedes, or threatens to jeopardise, restrain, prohibit or impede, the ability of the Nifty underground mine and/or concentrator to operate; and

- (2) Aditya Birla makes available to Metals X all information (including all prior notices and material communications) as at and from the Announcement Date until the end of the Offer Period (each inclusive) relating to any prohibition notice or interim order issued, conditions imposed, or other action taken by any Government Agency in connection with the operation of the Nifty underground mine and/or concentrator following the sinkhole incident which occurred at Nifty in March 2014.

(q) Dealings affecting Aditya Birla Tenements

Between the Announcement Date and the end of the Offer Period (each inclusive), otherwise than in the ordinary course of business, or in accordance with Mt Gordon Sale Announcement, neither Aditya Birla nor any of its Subsidiaries:

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

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

(r) No natural disaster

Between the Announcement Date and the end of the Offer Period (each inclusive) a natural disaster materially and directly affecting the operations of the Aditya Birla Group for at least five Business Days does not occur.

(s) No litigation on foot or pending

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against Aditya Birla which may reasonably result in a judgement of A\$500,000 or more is commenced, is threatened to be commenced, is announced, or is made known to Metals X (whether or not becoming public) or Aditya Birla.

(t) 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 Government Agency;
- (2) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (3) no application is made to any Government Agency (other than by Metals X or any Associate of Metals X),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or

threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers and the completion of any transaction contemplated by this Bidder's Statement or which requires the divestiture by Metals X of any Aditya Birla Shares or any material assets of Metals X or any of its Subsidiaries.

(u) Prescribed occurrences

Between the Announcement Date and the date 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) Aditya Birla converting all or any of the Aditya Birla Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (2) Aditya Birla or any of its Subsidiaries resolving to reduce its share capital in any way;
- (3) Aditya Birla or any of its Subsidiaries entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (4) Aditya Birla or any of its Subsidiaries:
 - (A) issuing Aditya Birla Shares;
 - (B) granting an option over Aditya Birla Shares; or
 - (C) agreeing to make such an issue or grant such an option;
- (5) Aditya Birla or any of its Subsidiaries issuing, or agreeing to issue, convertible notes;
- (6) Aditya Birla or any of its Subsidiaries disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (7) Aditya Birla or any of its Subsidiaries granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (8) Aditya Birla or any of its Subsidiaries resolving that it be wound up;
- (9) the appointment of a liquidator or provisional liquidator of Aditya Birla or any of its Subsidiaries;
- (10) the making of an order by a court for the winding up of Aditya Birla or any of its Subsidiaries;
- (11) an administrator of Aditya Birla or any of its Subsidiaries being appointed under section 436A, 436B or 436C of the Corporations Act;
- (12) Aditya Birla or any of its Subsidiaries 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 Aditya Birla or any of its Subsidiaries.

2. Definitions

In this Annexure, the following words have these meanings unless the contrary intention or the context otherwise requires:

Aditya Birla means Aditya Birla Minerals Limited ACN 103 515 037.

Aditya Birla Shares or **Shares** means the issued fully paid ordinary shares in the capital of Aditya Birla and includes all rights attaching to them and the term

Aditya Birla Tenements means the Nifty, Maroochydore and Mt Gordon tenements listed in the Aditya Birla 2014-2015 Annual Report released to ASX on 17 July 2015.

Announcement Date means the date on which the Offer was announced to ASX by Metals X, namely 15 October 2015.

ASX means ASX Limited.

FATA means Foreign Acquisitions and Takeovers Act 1974 (Cth).

FIRB means the Foreign Investment Review Board.

Hindalco means Hindalco Industries Limited.

Metals X means Metals X Limited ACN 110 150 055.

Mt Gordon Sale Announcement means the announcement made to ASX by Aditya Birla on 21 September 2015 in relation to the binding sale of its Mt Gordon assets.

Nifty Concentrate Offtake Agreement means the agreement (including all variations, extensions and modifications) between Aditya Birla (or a Subsidiary) and Hindalco pursuant to which Aditya Birla (or a Subsidiary) has agreed to sell the entire life of mine production to Hindalco.

Nifty Mine or **Nifty** means the Nifty copper operations and assets owned by Aditya Birla.

Offer means Metals X's offer to acquire Aditya Birla Shares.

Offer Period means the period during which the Offer will remain open for acceptance.

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act.

Subsidiary shall have the meaning ascribed to it in the Corporations Act.