



HERBERT  
SMITH  
FREEHILLS

The Manager  
Company Announcements Office  
ASX Limited

10 June 2015

Dear Sir / Madam

**Takeover bid by TIO (NZ) Limited for Rutila Resources Limited  
Commencement of dispatch of bidder's statement**

We act for TIO (NZ) Limited (New Zealand Company No. 3744171) (**TIO NZ**) in relation to its off-market takeover bid for all the ordinary shares in Rutila Resources Limited (ABN 30 139 886 187) (**Rutila**) it does not already own (**Takeover Bid**).

TIO NZ has today commenced dispatch of its bidder's statement in relation to the Takeover Bid. In accordance with ASIC Class Order CO 13/521, a copy of the bidder's statement being sent to holders of securities under item 6 of section 633(1) of the Corporations Act is enclosed.

Yours sincerely

**Tony Damian**  
Partner  
Herbert Smith Freehills  
+61 2 9225 5784  
+61 405 223 705  
tony.damian@hsf.com

**Alexandra Eggerking**  
Solicitor  
Herbert Smith Freehills  
+61 2 9225 5725  
+61 408 864 605  
alexandra.eggerking@hsf.com

Herbert Smith Freehills LLP and its subsidiaries and Herbert Smith Freehills, an Australian Partnership ABN 98 773 882 646, are separate member firms of the international legal practice known as Herbert Smith Freehills.

Doc 43231030.3



**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.**

## Bidder's Statement

containing an Offer by

**TIO (NZ) Limited**

New Zealand Company No. 3744171

to purchase all of your ordinary shares in

**Rutila Resources Limited**

ABN 30 139 886 187

for

**\$0.30 cash per Share**

If you have any questions about this Bidder's Statement, please call the Offer Information Line on 1300 667 923 (toll-free within Australia) or + 61 3 9415 4080 (from outside Australia).

Legal adviser to TIO NZ



**HERBERT  
SMITH  
FREEHILLS**

## **Nature of this information**

This Bidder's Statement is issued by TIO (NZ) Limited (New Zealand Company No. 3744171) (**TIO NZ**) under Part 6.5 of the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 4 June 2015. Neither ASIC nor its officers take any responsibility for the content of this Bidder's Statement.

## **No account of your personal circumstances**

In preparing this Bidder's Statement, TIO NZ has not taken into account the individual objectives, financial situation or needs of individual Rutila Shareholders. Accordingly, before making a decision whether or not to accept the Offer, you may wish to consult with your broker, financial adviser or legal 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. 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 industries in which Rutila, TIO NZ and the members of the Todd Corporation 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 TIO NZ, Todd Corporation Group, Nyco, any director, officer, employee or adviser of TIO NZ, Todd Corporation, a Todd Corporation Group Member or Nyco, 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 any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forwarding looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

## **Disclaimer as to Rutila information**

The information on Rutila, Rutila's securities and Rutila Group contained in this Bidder's Statement has been prepared by TIO NZ using publicly available information and limited information made available to TIO NZ by Rutila.

Information in this Bidder's Statement concerning Rutila's business has not been independently verified by TIO NZ. Accordingly TIO NZ 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 Rutila's business may be included in Rutila's target's statement which Rutila must provide to its shareholders in response to this Bidder's Statement.

## **Foreign jurisdictions**

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

## **Responsibility statement**

The information in this Bidder's Statement has been prepared by TIO NZ and is the responsibility of TIO NZ, except for:

- the Nyco Information, which has been prepared by Nyco and is the sole responsibility of Nyco; and
- the Todd Corporation Information, which has been prepared by Todd Corporation and is the sole responsibility of Todd Corporation.

None of Nyco or any Nyco Group Member, nor any director, officer, employee or adviser of Nyco or a Nyco Group Member, assumes any responsibility for any information in this Bidder's Statement other than the Nyco Information.

None of TIO NZ nor any director, officer, employee or adviser of TIO NZ, assumes any responsibility for the Nyco Information or the Todd Corporation Information.

None of Todd Corporation nor any Todd Corporation Group Member, nor any director, officer, employee or adviser of Todd Corporation or a Todd Corporation Group Member, assumes any responsibility for any information in this Bidder's Statement other than the Todd Corporation Information.

## **Privacy**

TIO NZ has collected your information from the Rutila register of shareholders for the purpose of making this Offer and, if accepted, administering your holding of Shares and your acceptance of the Offer. The type of information TIO NZ has collected about you includes your name, contact details and information on your shareholding in Rutila. Without this information, TIO NZ would be hindered in its ability to carry out the Offer. 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 TIO NZ's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. The registered address of TIO NZ is Level 15, The Todd Building, 95 Customhouse Quay, Wellington 6011 New Zealand.

## **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 11 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

## **Financial amounts**

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

## **Maps and Diagrams**

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

## **Other important information**

As set out in this Bidder's Statement, Mr Michael Wolley is a director of TIO NZ and also of Rutila. For this reason, in accordance with principles of good governance, Mr Wolley has absented himself (with the consent of the other TIO NZ directors) from the TIO NZ Board meeting at which this Bidder's Statement was approved. All statements attributed to TIO NZ and all forward looking statements should be regarded as statements by the directors of TIO NZ, other than Mr Wolley.

## Key dates

### Key dates

---

|                                 |             |
|---------------------------------|-------------|
| Date of this Bidder's Statement | 4 June 2015 |
|---------------------------------|-------------|

---

|               |              |
|---------------|--------------|
| Date of Offer | 10 June 2015 |
|---------------|--------------|

---

|   |                                      |
|---|--------------------------------------|
| Offer closes (unless extended or withdrawn) | 7.00pm (Sydney time) on 22 July 2015 |
|---|--------------------------------------|

---

### Key Contacts

---

|  |   |
|--|---|
| Share registrar for the Offer  | Computershare Offer Information Line*   |
| Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067 | 1300 667 923 (toll-free within Australia) or + 61 3 9415 4080 (from outside Australia). |
|  | * Calls to these numbers may be recorded.   |

---

## Table of contents

---

|   |    |
|---|----|
| Key dates.....  | 4  |
| Letter to Rutila Shareholders.....                                    | 6  |
| 1           Why you should accept the Offer.....                      | 8  |
| 2           Summary of the Offer .....                                | 13 |
| 3           Information on TIO NZ and the Todd Corporation Group..... | 18 |
| 4           Information on Nyco and Nyco Group .....                  | 22 |
| 5           Information on Rutila and Rutila Group .....              | 24 |
| 6           Sources of consideration .....                            | 30 |
| 7           Intentions in relation to Rutila .....                    | 31 |
| 8           Australian taxation considerations .....                  | 35 |
| 9           Other material information .....                          | 37 |
| 10          The terms and conditions of the Offer .....               | 47 |
| 11          Definitions and interpretation .....                      | 59 |
| 12          Approval of Bidder's Statement .....                      | 69 |

4 June 2015

Dear Rutila Shareholder

## **Offer to acquire your shares in Rutila**

On behalf of TIO NZ, a subsidiary of Todd Corporation, I am pleased to provide you with this all-cash offer to acquire all of your shares in Rutila.

If you accept our Offer, which was announced on 12 May 2015, you will receive \$0.30 cash per Share (the **Offer Price**) for each share in Rutila that you hold, subject to the Offer becoming unconditional.

We believe that our Offer provides you with a compelling opportunity to realise both certainty and significant value for your Rutila Shares.

Based on the price of Rutila Shares up to and including 8 May 2015, being the last trading day prior to the Announcement Date, the Offer Price represents a premium of:

- 100% to the closing price of \$0.15 per share;
- 80.7% to the 30 day VWAP<sup>1</sup> of \$0.166 per share; and
- 57.9% to the 12 month VWAP<sup>2</sup> of \$0.190 per share.

Prior to the announcement of the Offer, Rutila Shares had not closed above the Offer Price since 25 July 2012.

TIO NZ believes that you should accept the Offer because, among other things, the all-cash Offer represents a significant premium to trading levels before the Announcement Date and provides you with certain value for your Rutila Shares. The Independent Director has recommended that you accept the Offer, and has stated that he intends to accept the Offer in respect of his own shareholdings in Rutila, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Offer is fair and reasonable.

TIO NZ also believes that the Offer provides you with an opportunity to avoid the future short-term funding, project development and operational risks associated with Rutila's projects.

If the Offer is unsuccessful, Rutila faces uncertainty over its ability to fund its future development costs and to repay or refinance its debt. The Balla Balla Infrastructure Project will require approximately \$2 billion of capital and Rutila's share of that is approximately \$1.4 billion.

As at 31 December 2014, Rutila had loans of approximately \$32.5 million plus accrued interest totalling approximately \$12.1 million owing to Balla One, a subsidiary of TIO NZ, which are repayable on 31 December 2015 and which continue to accrue interest at 15% per annum. With cash balances of \$1.1 million as at 31 March 2015, TIO NZ believes that Rutila will need to source additional financing in the short-term to continue developing its

<sup>1</sup> VWAPs are calculated on the basis of ASX trading data sourced from S&P Capital IQ without the consent of S&P Capital IQ to the use of data, as permitted by ASIC Class Order 07/429).

<sup>2</sup> Refer to footnote 1.

projects and will also need to raise additional capital to repay or to re-finance the existing debt.<sup>3</sup>

If the Offer is successful and you accept, you will avoid the future short-term funding, project development and operational risks associated with Rutila's future projects and the uncertainty around Rutila's ability to repay existing debt.

You should also know that, Nyco and TIO NZ have entered into the Cooperation Agreement and Restructure Agreement under which, amongst other things, Nyco has agreed not to accept the Offer and Nyco and TIO NZ have given certain undertakings both in relation to the Offer and, if the Offer is successful, in relation to Rutila as a company jointly owned by TIO NZ and Nyco. Consequently, as at the date of this Bidder's Statement, TIO NZ has a Relevant Interest in approximately 69.4% of Rutila.<sup>4</sup>

Given TIO NZ's and Nyco's holdings in Rutila, together with the substantial cash premium offered to Rutila Shareholders and the significant funding required to develop Rutila's projects, TIO NZ also believes that the likelihood of a rival bidder emerging with a Superior Proposal is low.

The cash value of the Offer should be considered against the risks and uncertainties currently borne by you as a Rutila Shareholder. If you do not accept the Offer and the Minimum Acceptance Condition is waived,<sup>5</sup> the market for your Rutila Shares may be less liquid or less active than at present. This could also make it more difficult for you to sell your Rutila Shares at an attractive price in the future. Moreover, in the absence of our offer, it is expected that Rutila Shares will trade below the Offer Price and closer to the trading levels prior to our proposal announcement on 12 May 2015.

Details of the Offer, including its terms and conditions, are set out in this Bidder's Statement. We encourage you to read this Bidder's Statement in its entirety, together with the target's statement, and then to accept the Offer as soon as possible. In order to be valid, your acceptance must be received before 7.00pm (Sydney time) on 22 July 2015, which, unless extended, is the closing date of the Offer.

To accept the Offer, please follow the instructions on the accompanying Acceptance Form. If you require additional assistance, please call the Offer Information Line on 1300 667 923 (toll-free within Australia) or + 61 3 9415 4080 (from outside Australia).

We appreciate your consideration of our Offer.

Yours faithfully,



Chris Hall  
Director, TIO (NZ) Limited

---

<sup>3</sup> See sections 1.3 and 9.11 of this Bidder's Statement for further information on the financing arrangements between the TIO NZ Group and Rutila.

<sup>4</sup> As at the date of this Bidder's Statement, TIO NZ is Rutila's largest shareholder, holding approximately 46.1% of Rutila's Shares. Nyco, as at the date of this Bidder's Statement, holds approximately 23.3% of Rutila's Shares. As a result of the arrangements between the parties, TIO NZ and Nyco have a Relevant Interest in each other's Rutila Shares. See section 9.3 of this Bidder's Statement for more information on the arrangements between the parties.

<sup>5</sup> TIO NZ will not waive the Minimum Acceptance Condition unless TIO NZ has received valid acceptances for not less than 50.1% of the Non-Associated Shares under the Offer.



## 1 Why you should accept the Offer

---

TIO NZ's board of directors highlight the following reasons for Rutila Shareholders to accept the Offer:

1. The Offer represents a significant premium to trading levels before the Announcement Date
2. The all-cash Offer provides certain value
3. The Offer provides you with an opportunity to avoid the short-term funding, project development and operational risks associated with Rutila's projects and uncertainty around Rutila's ability to repay existing debt
4. The Independent Director recommends that Rutila Shareholders accept the Offer and has stated that he intends to accept the Offer in respect of his own shareholdings in Rutila in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Offer is fair and reasonable
5. TIO NZ considers that the likelihood of a rival bidder emerging with a Superior Proposal is low
6. The trading price of Rutila Shares may fall if the Offer is unsuccessful
7. There are risks associated with being a minority shareholder in a closely held publicly listed company

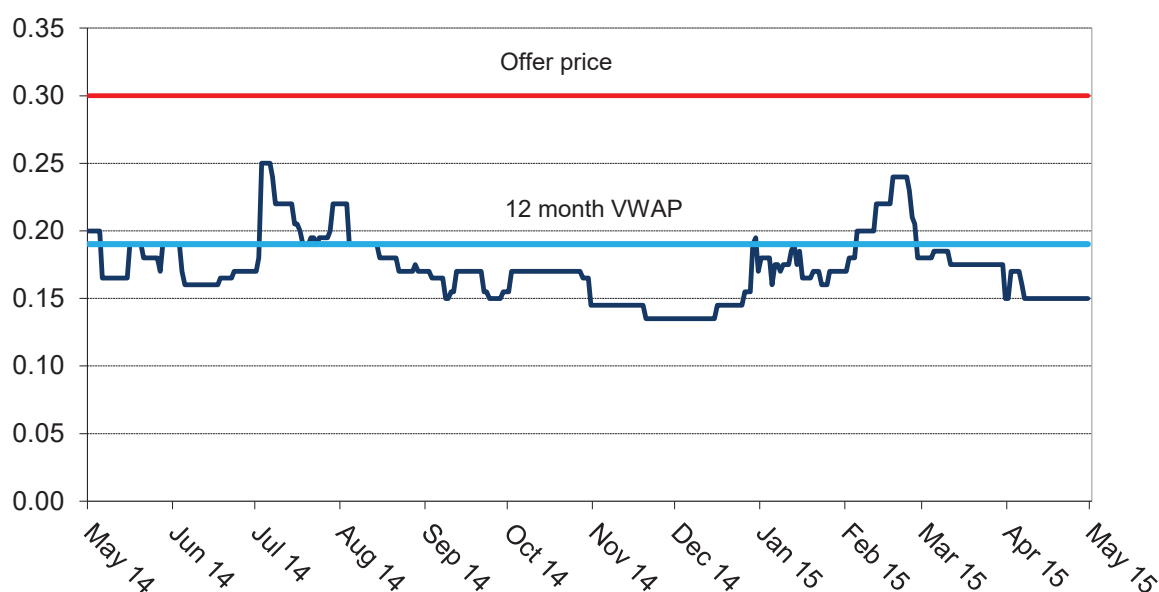
## 1.1 The Offer represents a significant premium to trading levels before the Announcement Date

Based on the price of Rutila Shares up to and including 8 May 2015, being the last trading day prior to the Announcement Date, the Offer Price represents a significant premium of:

- 100% to the closing price of \$0.15 per share ;
- 80.7% to the 30 day VWAP<sup>6</sup> of \$0.166 per share; and
- 57.9% to the 12 month VWAP<sup>7</sup> of \$0.190 per share.

Further, Rutila Shares have not traded at the level of the Offer Price since 25 July 2012. The Offer Price represents a significant premium to Rutila's share price throughout the 12 months prior to 8 May 2015 as shown below:

Offer Price vs Rutila Share price



## 1.2 The all-cash Offer provides certain value

TIO NZ is offering all cash consideration for your Rutila Shares.

If you accept the Offer and the Offer becomes unconditional:

- you will be paid \$0.30 cash for each of your Rutila Shares;
- you will not incur any brokerage fees if your Rutila Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to TIO NZ. If your Rutila Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Rutila Shares are registered in the name of a broker, bank, custodian, or other nominee, you should ask your Controlling Participant

<sup>6</sup> VWAPs are calculated on the basis of ASX trading data sourced from S&P Capital IQ

<sup>7</sup> Refer to footnote 6.

(usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer. In contrast, you will incur brokerage if you sell your Rutila Shares on market; and

- TIO NZ will provide the consideration due to you for Your Shares on or before the earlier of:
  - 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
  - 21 days after the end of the Offer Period.

The Offer provides an opportunity to dispose of all your Rutila Shares, and to realise full and certain value for your entire shareholding in Rutila.

The certainty of TIO NZ's cash Offer should be compared to the risks and uncertainties of remaining as a Rutila Shareholder. In addition to the risks specific to Rutila's portfolio of greenfield projects, there are inherent risks in holding shares in a listed entity such as Rutila. These risks include, but are not limited to:

- industry specific risks;
- commodity price risk;
- foreign exchange risk;
- regulatory risk;
- debt and equity market risk; and
- general economic conditions.

### **1.3 The Offer provides you with an opportunity to avoid the future short-term funding, project development and operational risks associated with Rutila's projects and uncertainty around Rutila's ability to repay existing debt**

The Balla Balla Mine, the Eucla West Mineral Sands Project and the Balla Balla Infrastructure Project will require a substantial amount of expertise, resources and capital to develop and operate.

Rutila has previously announced to ASX that the Balla Balla Infrastructure Project alone has a total development cost of approximately \$2 billion, with Rutila's share of development costs being approximately \$1.4 billion. Additionally, Rutila has previously announced to ASX that the Balla Balla Mine will cost approximately \$650 million to develop.

As at 31 December 2014, Rutila had loans of approximately \$32.5 million plus accrued interest totalling approximately \$12.1 million owing to Balla One, a subsidiary of TIO NZ, which are repayable on 31 December 2015 and which continue to accrue interest at 15% per annum.<sup>8</sup>

As at 31 March 2015, Rutila had cash on hand of \$1.1 million. TIO NZ believes that Rutila will require additional funds to continue to fund its share of the BBJV activities (in particular the progression of the Balla Balla Infrastructure Project to a final investment decision). In March 2015, TIO NZ Group provided Rutila with a written undertaking that, subject to certain conditions, it would work with Rutila to put in place the necessary funding arrangements and, as at the date of this Bidder's Statement, has agreed to an interim funding arrangement in the form of advanced cash calls made by TIO NZ Group

---

<sup>8</sup> See section 9.11 of this Bidder's Statement for further information on the financing arrangements between the TIO NZ Group and Rutila.

within the BBJV. TIO NZ believes that Rutila will need to source additional financing in the short-term to meet its share of the BBJV activities and to continue developing its projects and will also need to raise additional capital to repay or to re-finance the existing debt which is repayable by 31 December 2015.

If the Offer is unsuccessful, you will continue to be exposed to Rutila's future short-term funding, project development and operational risks, including the risk that Rutila will be unable to:

- progress to a feasible mine solution in the case of the Balla Balla Mine and the Eucla West Mineral Sands Project;
- progress to a feasible rail and port infrastructure solution in the case of the Balla Balla Infrastructure Project or to find an alternative infrastructure solution to enable the Balla Balla Mine to export its ore;
- fund both the debt and equity elements of the Balla Balla Mine, the Eucla West Mineral Sands Project and the Balla Balla Infrastructure Project;
- secure sufficient iron ore customers for the Balla Balla Infrastructure Project to be financially feasible;
- secure the necessary regulatory approvals and consents required to develop those projects including, amongst others, a State Rail Agreement, Pilbara Port Authority agreements, planning consents and marine and environmental approvals; and
- raise the short-term capital required to repay or re-finance its existing debt in the required timeframe due to, among other things, the relative amount of finance needed compared to the market capitalisation of Rutila, Balla One's first ranking security interest over Rutila's assets and the current iron ore price environment.

#### **1.4 The Independent Director recommends that Rutila Shareholders accept the Offer and has stated that he intends to accept the Offer in respect of his own shareholdings in Rutila**

The Offer has the support of Mr Emmanuel Correia, the Independent Director of Rutila, who recommends that Shareholders accept the Offer, and has stated that he intends to accept the Offer in respect of his own shareholdings in Rutila, in the absence of a Superior Proposal and provided that the Independent Expert concludes that the Offer is fair and reasonable.

#### **1.5 TIO NZ considers that the likelihood of a counter bidder emerging with a Superior Proposal is low**

As at the date of this Bidder's Statement, the Offer is the only available offer for all of your Rutila Shares.

TIO NZ believes that the likelihood of a rival bidder emerging is low, given the substantial cash premium offered by TIO NZ, the existing secured loans, the short-term and long-term funding requirements of Rutila and TIO NZ's Relevant Interest in Rutila<sup>9</sup>.

---

<sup>9</sup> As at the date of this Bidder's Statement, TIO NZ is Rutila's largest shareholder, holding approximately 46.1% of Rutila's Shares. Nyco, as at the date of this Bidder's Statement, holds approximately 23.3% of Rutila's Shares. As a result of the arrangements between the parties, TIO NZ and Nyco have a Relevant Interest in each other's Rutila Shares. See section 9.3 of this Bidder's Statement for more information on the arrangements between the parties.

## **1.6 The trading price of Rutila Shares may fall if the Offer is unsuccessful**

The Offer is at a significant premium to the historical trading prices of Rutila Shares prior to the announcement of the Offer.

If the Offer is unsuccessful and there is no other offer made for your Rutila Shares, the trading price of Rutila Shares may fall and trade at levels even lower than the prices immediately prior to the announcement of the Offer.

## **1.7 There are risks associated with being a minority shareholder in a closely held publicly listed company**

TIO NZ holds approximately 46.1% of Rutila Shares and has a relevant interest in 69.4% of Rutila Shares as a result of entering into the Cooperation Agreement with Nyco.<sup>10</sup> This interest will increase further if TIO NZ's subsidiary, Balla One, elects to convert the Convertible Loan. If the Minimum Acceptance Condition of the Offer is waived<sup>11</sup> and all other bid conditions are either satisfied or waived (as applicable) and Rutila remains listed on ASX, the market for your Rutila Shares may be less liquid or less active than at present, thereby potentially exposing remaining Rutila Shareholders to greater volatility, less institutional support and limited analyst coverage of Rutila Shares. This could also make it more difficult for you to sell your Rutila Shares at an attractive price in the future.

If the number of Rutila Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing then the ASX may suspend and/or de-list Rutila Shares. If this occurs, any remaining Rutila Shareholders will not be able to sell their Rutila Shares on market. Consequently, there may be a reduced likelihood of a subsequent takeover bid for Rutila from parties other than TIO NZ.

---

<sup>10</sup> In the event that the Cooperation Agreement is terminated (which will occur in the event that not all of the conditions to the Offer have either been freed or fulfilled by the end of the Offer Period and in certain other circumstances), TIO NZ will cease to have a Relevant Interest in the Rutila Shares held by Nyco and Nyco Custodian and Nyco will cease to have a Relevant Interest in the Rutila Shares held by TIO NZ. See section 9.3(a)(6) for more information on the circumstances in which the Cooperation Agreement may be terminated.

<sup>11</sup> TIO NZ will not waive the Minimum Acceptance Condition unless TIO NZ has received valid acceptances for not less than 50.1% of the Non-Associated Shares under the Offer.

## 2 Summary of the Offer

---

|   |  |
|---|--|
| <b>What is TIO NZ offering to buy?</b>                | <p>TIO NZ is offering to buy all of the Shares on the terms and conditions set out in this Bidder's Statement.</p> <p>You may accept the Offer for all of Your Shares. You cannot accept for part of your holding.</p>   |
| <b>What will you receive if you accept the Offer?</b> | <p>If you accept the Offer, and the Offer becomes unconditional, you will receive \$0.30 in cash for each of Your Shares.</p>  |
| <b>When will you be paid?</b>                         | <p>Generally, TIO NZ 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 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 10.6 of this Bidder's Statement.</p>   |
| <b>When does the Offer Close?</b>                     | <p>The Offer closes at 7.00pm (Sydney time) on 22 July 2015, unless it is extended or withdrawn in accordance with the Corporations Act.</p>   |
| <b>What are the conditions of the Offer?</b>          | <p>The Offer is subject to a number of conditions, which are set out in full in section 10.7. These conditions are (in summary):</p> <ul style="list-style-type: none"><li>• TIO NZ acquiring a relevant interest in at least 75% of the Non-Associated Shares;<sup>12</sup></li><li>• ASX providing a waiver of Listing Rule 6.23 to the extent necessary in relation to the Option arrangements;</li><li>• TIO NZ receiving FIRB approval;</li><li>• no 'material adverse change' occurring in relation to Rutila;</li><li>• no 'prescribed occurrences' occurring in relation to Rutila;</li><li>• no breach of warranty or representation by Rutila; and</li><li>• there being no additional entitlements to securities in Rutila that have not been disclosed to TIO NZ pursuant to the Bid Implementation Agreement.</li></ul> |
| <b>How will the options be treated?</b>               | <p>TIO NZ is not making a separate takeover offer to holders of Options.</p> <p>However, the Offer extends to all Rutila Shares that are issued between the Register Date and the end of the Offer Period as a result of the exercise of Options. This means that holders of</p>   |

---

<sup>12</sup> TIO NZ will not waive this condition unless TIO NZ has received valid acceptances for not less than 50.1% of the Non-Associated Shares under the Offer.

Options who exercise their Options prior to the end of the Offer Period will be able to accept the offer in respect of the Rutila Shares issued during the Offer Period as a result of that exercise.

TIO NZ has entered into the TIO NZ Option Cancellation Deed with Rutila in respect of the TIO NZ Options which provides that, subject to the satisfaction of certain conditions, the TIO NZ Options will be cancelled for nil consideration.

Riverstone Advisory has entered into the Riverstone Option Cancellation Deed in respect of the Riverstone Options which provides that, subject to the satisfaction of certain conditions, the Riverstone Options will be cancelled in exchange for \$3.00 (in aggregate). Full details of the treatment of the Options are set out in section 5.5 of this Bidder's Statement.

---

**What happens if the conditions of the Offer are not satisfied or waived?**

If the Conditions of the Offer are not satisfied or waived by the end of the Offer Period (or the extended offer period if extended), the Offer will lapse and any acceptances will be void.

---

**How do you accept the Offer?**

Depending upon the nature of your holding, you may accept the Offer in the following ways.

**CHESs sponsored shareholders**

If Your Shares are in a CHESs Holding (such holdings will be evidenced by an 'X' appearing next to your security holder reference number on the enclosed Acceptance Form), to accept the Offer you may accept the Offer by either:

- instructing your Controlling Participant (for example, your broker) to accept the Offer on your behalf before the end of the Offer Period; or
- completing and signing the enclosed Acceptance Form in accordance with the instructions on it and return it to an address indicated on the Acceptance Form.

**Issuer sponsored shareholders**

If Your Shares are in an Issuer Sponsored Holding (such holdings will be evidenced by an 'I' appearing next to your security holder reference number on the enclosed Acceptance Form) or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your Rutila Shares, to accept the Offer you must complete the enclosed Acceptance Form in accordance with the instructions on it and return it to an address indicated on the Acceptance Form so that it is received before the end of the Offer Period.

**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.

Full details on how to accept the Offer are set out in section 10.3 of this Bidder's Statement.

---

**Can you accept the Offer for part of your holdings?**

No. You cannot accept for part of your holding. You can only accept for **ALL** of Your Shares.

---

**What if you are a foreign shareholder?**

Foreign Rutila Shareholders 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.

---

**What happens if you do not accept the Offer?**

You will remain a Rutila Shareholder and will not receive the consideration offered by TIO NZ.

However, if TIO NZ becomes entitled to compulsorily acquire your Rutila Shares, it intends to do so.<sup>13</sup> If your Rutila Shares are compulsorily acquired by TIO NZ, it will be on the same terms (including the same consideration for each Rutila Share acquired) as the Offer. However, you will receive the money later than the Rutila Shareholders who choose to accept the Offer.

---

**What are the arrangements between TIO NZ and Nyco?**

Nyco and TIO NZ have entered into the Cooperation Agreement and Restructure Agreement under which, amongst other things, Nyco has agreed not to accept the Offer and Nyco and TIO NZ have given certain undertakings to each other both in relation to the Offer and, if the Offer is successful, in relation to Rutila as a company jointly owned by TIO NZ and Nyco.

As at the date of this Bidder's Statement, TIO NZ and Nyco each have a Relevant Interest in 69.4% of Rutila.<sup>14</sup>

Further details of the arrangements between TIO NZ and Nyco are set out in section 9.3.

---

**Where do you go for further information?**

For queries on how to accept the Offer, see the enclosed Acceptance Form.

For queries in relation to your Rutila shareholding, call the Rutila Resources Share Registry on 1300 850 505 (toll-free within Australia) or + 61 3 9415 4080 (from outside Australia).

If you have any other queries in relation to the Offer, please contact the Offer Information Line on 1300 667 923 (toll-free within Australia) or + 61 3 9415 4000 (from outside Australia).

If you have lost your Acceptance Form and require a replacement, please call the Offer Information Line on 1300 667 923 (toll-free within Australia) or + 61 3 9415 4000 (from outside Australia).

---

<sup>13</sup> TIO NZ has agreed not to compulsorily acquire the Shares held by Nyco pursuant to the terms of the Cooperation Agreement. See section 9.3(a) of this Bidder's Statement for more information on the Cooperation Agreement.

<sup>14</sup> As at the date of this Bidder's Statement, TIO NZ is Rutila's largest shareholder, holding approximately 46.1% of Rutila's Shares. Nyco, as at the date of this Bidder's Statement, holds approximately 23.3% of Rutila's Shares. As a result of the arrangements between the parties, TIO NZ and Nyco have a Relevant Interest in each other's Rutila Shares. See section 9.3 of this Bidder's Statement for more information on the arrangements between the parties.



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

If your Rutila Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to TIO NZ, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.

If your Rutila Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Rutila 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.

---

**Can the Offer Price be increased?**

Yes, the Offer Price may be increased. Any Shareholder that accepts the Offer at a lower price will be paid the higher Offer Price regardless of when they accepted the Offer, provided the Offer is successful.

---

**Can I revoke my acceptance and withdraw my Rutila Shares from the Offer once I have accepted?**

Once you have accepted the Offer, you may not revoke your acceptance except as follows:

- at any time while the FIRB Condition remains unfulfilled;
- if the FIRB Condition is fulfilled but the Offer otherwise remains conditional at the end of the Offer Period or, in the case of the 'prescribed occurrences' condition, at the end of the third business day after the end of the Offer Period; or
- if TIO NZ extends the Offer Period by more than one month and postpones, for more than one month, the time by which TIO NZ has to meet its obligations under the Offer and the Offer is conditional at that time. If this occurs, a notice will be sent to you at the relevant time that explains your rights to revoke your acceptance of the Offer.

See section 10.5 for further details on the circumstances in which you can revoke your acceptance of the Offer.

---

**What happens if the Independent Expert does not conclude that the Offer is fair and reasonable?**

If the Independent Expert does not conclude that the Offer is fair and reasonable, the Independent Director may change his recommendation that Rutila Shareholders accept the Offer and Rutila may terminate the Bid Implementation Agreement with TIO NZ.

The Independent Expert's Report will be included in Rutila's target's statement.

---

**Will Nicholas Curtis accept the Offer for the shares he controls?**

Nyco has agreed not to accept the Offer in respect of the Rutila Shares it holds and the Rutila Shares held by Nyco Custodian as bare trustee for Nyco, pursuant to the Cooperation Agreement between Nyco and TIO NZ. Nicholas Curtis and his wife, Angela Curtis, own Nyco and are collectively the legal and beneficial owners of all the issued shares in Nyco and Nyco Custodian.

Under the Cooperation Agreement and Restructure Agreement, Nyco and TIO NZ have given certain undertakings to each other both in relation to the Offer and, if the Offer is successful, in relation to Rutila as a company jointly owned by TIO NZ and Nyco.

Further details of the arrangements between TIO NZ and Nyco are set out in section 9.3.

---

**Important notice**

The information in this section 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 the entire Bidder's Statement and the target's statement that Rutila will shortly be sending to you, before deciding whether to accept the Offer.

---

## 3 Information on TIO NZ and the Todd Corporation Group

---

### 3.1 Overview of TIO NZ

The bidder under the Offer is TIO NZ.

TIO NZ is an investment holding company, with a focus on the metals and mining sector. TIO NZ is incorporated in New Zealand and is a wholly owned subsidiary of Todd Corporation.

### 3.2 Directors

#### (a) Directors of TIO NZ

Brief profiles of the directors of TIO NZ as at the date of this Bidder's Statement are as follows:

##### **Mr Jon Young**

Mr Jon Young holds a Bachelor of Engineering (Chemical) and a Bachelor of Science (Mathematics) from the University of Sydney.

After University, Mr Young spent seventeen years with Mobil Oil in a wide range of management roles. Mr Young's last role with Mobil was as Chief Executive Officer of Indo Mobil Ltd, a joint venture between Mobil and the government owned Indian Oil Company, based in New Delhi, India.

In 2000, Mr Young joined Santos Ltd, and was the Santos business leader responsible for the development and execution of Santos' coal seam gas strategy including, through an acquisition and appraisal programme, developing the industry leading Gladstone LNG project.

In 2007, Mr Young left Santos to join a private equity venture involved in a range of sectors. Mr Young joined Todd Corporation in January 2011 as Group Chief Executive Officer.

##### **Mr Michael Wolley**

Mr Michael Wolley holds a first class honours degree in Chemical and Materials Engineering (University of Auckland) and a Masters of Management (Macquarie Graduate School of Management).

In 2013, Mr Wolley was appointed to the role of Vice President Minerals and Coal based in Sydney. Mr Wolley is a Director of Rutila and Wolf Minerals Limited, ASX listed resources businesses. Mr Wolley also sits on the Board of Strattera, the New Zealand minerals industry body, and is a member of the Australian Institute of Company Directors and the New Zealand Institute of Company Directors.

In accordance with principles of good governance, due to his directorship of Rutila, Mr Wolley has absented himself (with the consent of the other TIO NZ directors) from the TIO NZ Board meeting at which this Bidder's Statement was approved. All statements attributed to TIO NZ and all forward looking statements should be regarded as statements by the directors of TIO NZ, other than Mr Wolley.

##### **Mr Steve Armstrong**

Mr Steve Armstrong holds an MBA from Victoria University, Wellington, New Zealand, and is a Chartered Accountant. Mr Armstrong is the Group Chief Financial Officer for Todd Corporation.

Mr Armstrong has held senior financial positions across a number of sectors including energy, dairy, financial services and fast-moving consumer goods. Mr Armstrong spent 14 years in the NZ Dairy Industry in senior corporate and operating subsidiary roles including seven years offshore working in Venezuela and the USA. During the last 25 years, Mr Armstrong has managed several large and diverse finance functions and has held profit centre accountability for various businesses. Mr Armstrong also draws on a broad governance exposure having held senior roles in Meridian, the cooperative NZ dairy industry and NZX.

#### **Mr Chris Hall**

Mr Chris Hall has a Bachelor of Laws Degree (Hons) from the University of Otago, a Master of Laws from the University of British Columbia, Vancouver and completed the Strategic Management Programme at Macquarie Graduate School of Management, Sydney.

Mr Hall is Group General Counsel and Vice President Growth Businesses, Todd Corporation. In relation to the latter Mr Hall has responsibility for the Todd Corporation's wholly owned subsidiaries, Todd Wine Growers Ltd and Integria Health Care Ltd and its investment in PartsTrader Markets Limited. Prior to his current role Mr Hall was General Counsel for Todd NZ Upstream and Downstream Energy, from 2002-2010 and before that he spent 11 years in private legal practice.

From 2005 to 2011, Mr Hall was a member of the Executive Committee of the Petroleum Exploration and Production Association of New Zealand, including two years as Chair. Mr Hall is a Director of a number of Todd Corporation companies and of Shell Todd Oil Services Ltd, New Zealand's largest oil and gas field operator. Mr Hall is a member of the New Zealand Law Society, Energy and Law Association and Association of International Petroleum Negotiators.

#### **(b) Directors of Todd Corporation**

The directors of Todd Corporation as at the date of this Bidder's Statement are as follows:

- Mr Geoff Ricketts
- Mr Malcolm Whyte
- Mr Paul Baines
- Mr Tom Campbell
- Mr Andrew Reid
- Mr Henry Tait
- Mr Mike Todd
- Mr Bruce Wood
- Ms Emma Stein

### **3.3 History, structure and ownership of the Todd Corporation Group**

#### **(a) History**

Todd Corporation has been in business in New Zealand since 1884 and is one of New Zealand's largest companies.

Today, Todd Corporation has approximately 1,000 employees and operates in more than 20 different locations throughout New Zealand, Australia, USA, Canada and the UK.

(b) **Ownership structure**

Todd Corporation is a private, family owned business. It is the ultimate parent company of the Todd Corporation Group and is the ultimate parent company of TIO NZ.

### **3.4 Principal activities of TIO NZ and The Todd Corporation Group**

(a) **TIO NZ**

TIO NZ is a wholly owned subsidiary of Todd Corporation and is an investment holding company with a primary focus on iron ore investments. TIO NZ is a subsidiary of Todd Minerals Limited and a member of the Todd Minerals and Coal division of the Todd Corporation Group, additional details of which are set out below.

In addition to its holding in Rutila, TIO NZ holds equity in 19.56% of ASX listed Flinders, further details of which are set out in section 7.2(d) of this Bidder's Statement.

(b) **The Todd Corporation Group**

The Todd Corporation Group has diverse interests in oil and gas exploration and production, minerals, electricity generation, energy retailing, property development, healthcare, telecommunications, technology and wine. Those interests include both operated businesses and investment holdings. The primary divisions of the Todd Corporation Group are New Zealand Upstream Energy, International Energy, Minerals and Coal, Downstream Energy, Todd Property and Growth Businesses as set out below.

(1) **New Zealand Upstream Energy**

The Todd New Zealand Upstream Energy division is one of New Zealand's largest oil and gas explorers and producers and has interests in the following producing oil and gas fields in New Zealand: Maui, Kapuni, Pohokura, McKee, Mangahewa and Maari.

(2) **International Energy**

In 2014, the Todd Corporation established the International Energy division to develop overseas energy projects. The division's major current projects are located in the USA and Canada.

(3) **Minerals and Coal**

The Minerals and Coal division was established to progress the Todd Corporation Group's minerals strategy. Current investments include equity and debt in listed entities which have assets in Australia, Canada, New Zealand and the UK with interests in (among others) iron ore and tungsten. TIO NZ is a subsidiary of Todd Minerals Limited which is also part of the Minerals and Coal division.

Other Todd Minerals and Coal investments also include a 32.3% stake in Wolf Minerals Limited, an ASX listed company developing the world class Hemerdon tungsten project in Devon, England, and a combined 29% direct and indirect interest in the Sisson tungsten project in New Brunswick, Canada, which is being developed by TSX listed Northcliff Resources Ltd.

(4) **Downstream Energy**

The Todd Downstream Energy division includes Nova Energy, which is a New Zealand energy retailer offering a total range of energy solutions including natural gas, electricity, LPG, solar and co-generation technologies.

Nova Energy has a diverse and growing electricity generation portfolio that includes both thermal and renewable generation. Nova Energy is one of New Zealand's fastest growing energy companies and now services over 100,000 business and residential customers across New Zealand.

(5) **Todd Property**

The Todd Property division is a New Zealand property developer engaged in designing and delivering some of New Zealand's largest land development projects with a focus on large scale urban sites. Current developments include Stonefields, Long Bay, Napier Hill, Whitby, Kapiti Landing, Okura, Ngunguru, Ormiston and Pegasus Town.

(6) **Growth Businesses**

The Growth Businesses division's investments include:

- Ara Wines, a New Zealand single estate wine company;
- Integria Healthcare, which operates in the natural healthcare market; and
- PartsTrader, a leading online marketplace for automotive parts trade buyers and sellers.

### **3.5 Publicly available information about TIO NZ and Todd Corporation**

Further information about TIO NZ and Todd Corporation is available in electronic form from: [www.toddcorporation.com](http://www.toddcorporation.com).

### **3.6 Arrangements with Nyco**

TIO NZ and Nyco have entered into various agreements regarding the Offer and their relationship if the Offer is successful. For information on these arrangements, see section 9.3 of this Bidder's Statement.

## 4 Information on Nyco and Nyco Group

---

### 4.1 Overview of Nyco

Nyco is an Australian proprietary company and acts as the trustee for the N.A. Curtis Superannuation Fund, the beneficiaries of which are Mr Curtis and members of his family.

### 4.2 Directors

Brief profiles of the directors of Nyco as at the date of this Bidder's Statement are as follows.

(a) **Mr Nicholas Anthony Curtis**

Mr Nicholas Curtis is a director of Nyco and Executive Chairman of Rutila. His career spans more than 30 years in the resources and finance industries. Mr Curtis is also Chairman of the corporate advisory firm, Riverstone Advisory, is a Fellow of the Australian Institute of Company Directors and serves as a Director of the Asia Society.

Mr Curtis has recently joined the St Vincent's Precinct Research Executive Council as Chairman. Mr Curtis is a former Director of the Garvan Institute of Medical Research, St Vincent's Health Australia Ltd, St Vincent's Healthcare Ltd and was Chairman of the Board of St Vincent's & Mater Health Sydney Limited from August 2004 to October 2009.

Previously, Mr Curtis was Chairman of Lynas Corporation, a director of Conquest Mining (now Evolution Mining) and was the founding Chairman of Sino Mining Gold, (now part of Eldorado Gold). Prior to this Mr Curtis held the position of Executive Director of Macquarie Bank Limited.

During Lynas Corporation's membership of the World Economic Forum, Mr Curtis served as a Governor of the Mining and Metals Industry Partnership Group and as Co-Chair of the Global Growth Company community.

On 13 June 2011 Mr Curtis was awarded an AM (member of the Order) for his services to the community through executive roles supporting medical research and healthcare organisations and also for his work fostering Australia-China relations.

(b) **Ms Angela Erin Curtis**

Ms Angela Curtis is a director of Nyco and of various family companies.

### 4.3 Ownership

(a) The Shares in which Mr Curtis has a Relevant Interest as at the date of this Bidder's Statement are held by Nyco and Nyco Custodian. Nyco holds 20,483,500 Shares and is the sole trustee of the N.A. Curtis Superannuation Fund. Nyco Custodian holds 7,766,500 Shares as bare trustee for Nyco. Mr Curtis and his spouse, Angela Curtis, are collectively the legal and beneficial owners of all the issued shares in Nyco and Nyco Custodian.

(b) Mr Curtis has a beneficial interest in 5,000,000 Employee Options and has agreed not to exercise any of his Employee Options.<sup>15</sup> An Associate of Mr Curtis, Riverstone Advisory, holds 5,000,000 Options. Riverstone Advisory has

---

<sup>15</sup> See section 9.3(a)(4) of this Bidder's Statement for more information on the standstill arrangements between TIO NZ and Nyco.

agreed to cancel its Options for nominal consideration subject to the satisfaction of the conditions of the Option Cancellation Deed.<sup>16</sup>

#### **4.4 Arrangements with TIO NZ**

Nyco and TIO NZ have entered into various agreements regarding the Offer and their relationship if the Offer is successful. For information on these arrangements, see section 9.3 of this Bidder's Statement.

---

<sup>16</sup> See section 5.5(c) of this Bidder's Statement for more information on the proposed cancellation of the Riverstone Options.



## 5 Information on Rutila and Rutila Group

### 5.1 Overview of Rutila

Rutila is the holding company of the Rutila Group and is a Sydney based resources company incorporated in Australia and listed on ASX. The company's primary focus is the development of the Balla Balla Port and the Balla Balla Rail Project through its interest in the BBJV. It also holds interests in the Balla Balla Mine, a magnetite project approximately 8km from the Balla Balla Port and the Eucla West Mineral Sands Project.

### 5.2 Directors

As at the date of this Bidders' Statement, there are five directors on the Rutila Board, namely:

- (a) Mr Nicholas Curtis (Executive Chairman)
- (b) Dr Matthew James (Non-Executive Director)<sup>17</sup>
- (c) Mr Michael Wolley (Non-Executive Director)<sup>18</sup>
- (d) Mr Emmanuel Correia (Non-Executive Director)
- (e) Mr Harold Ou Wang (Non-Executive Director)<sup>19</sup>

### 5.3 History, structure and ownership

Rutila was incorporated in 2009 and listed on ASX in 2010. The company was formerly known as Forge Resources Limited and changed its name to Rutila Resources Limited in September 2013. Based on substantial holder notices given to ASX as at 13 May 2015, the following persons and entities were substantial holders of Rutila Shares:

| Substantial holder                                     | Relevant Interest     |
|--|-----------------------|
| <b>Todd Corporation (and each of its Subsidiaries)</b> | 69.35 <sup>20</sup> % |
| <b>Mr Nicholas Curtis, Ms Angela Curtis and Nyco</b>   | 69.35 <sup>21</sup> % |

<sup>17</sup> Dr James is also a consultant of Todd Minerals.

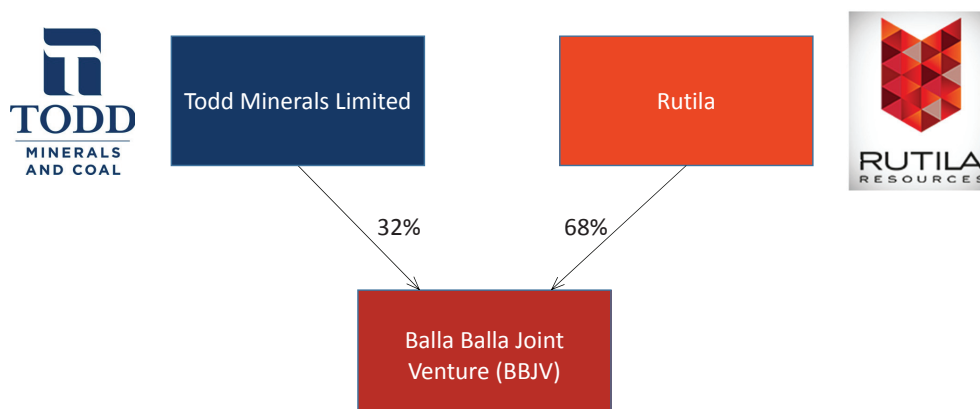
<sup>18</sup> Mr Wolley is also a director of TIO NZ. In accordance with principles of good governance, due to his directorship of Rutila, Mr Wolley has absented himself (with the consent of the other TIO NZ directors) from the TIO NZ Board meeting at which this Bidder's Statement was approved. All statements attributed to TIO NZ and all forward looking statements should be regarded as statements by the directors of TIO NZ, other than Mr Wolley.

<sup>19</sup> Mr Wang is also a director and shareholder of a company which is engaged by Todd Corporation on a separate matter.

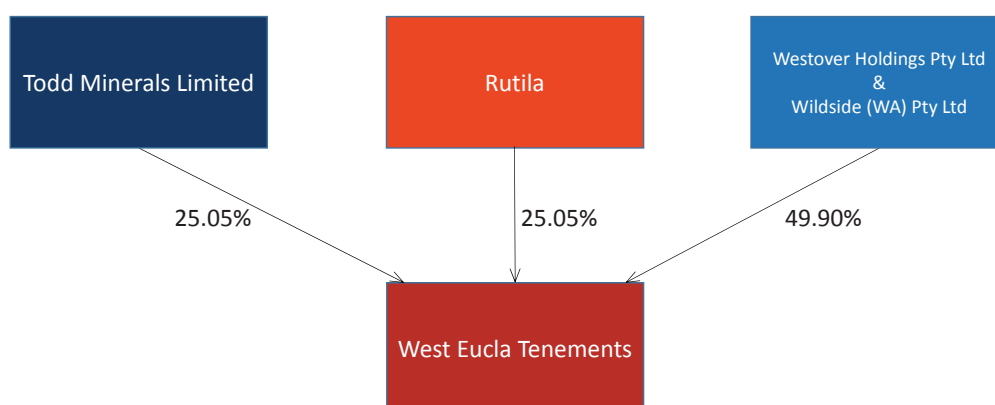
<sup>20</sup> Includes the 20,483,500 Rutila Shares registered in the name of Nyco, and the 7,766,500 Rutila Shares registered in the name of Nyco Custodian as bare trustee for Nyco, in respect of which the Todd Corporation Group has a relevant interest as a result of entry by TIO NZ and Nyco into the Cooperation Agreement. TIO NZ, a wholly owned subsidiary of Todd Corporation, holds 55,944,863 Rutila Shares (representing approximately 46.08% of Rutila's Shares). For further details, refer to the 'Notice of change of interests of substantial holder' dated 13 May 2015.

<sup>21</sup> Includes the 55,944,863 Rutila Shares held by TIO NZ, in respect of which Mr Curtis has a relevant interest as a result of entry by TIO NZ and Nyco into the Cooperation Agreement. Nyco holds 20,483,500 Rutila Shares and Nyco Custodian holds 7,766,500 Rutila Shares as bare trustee for Nyco (together representing approximately 23.3% of Rutila's Shares). Mr Curtis, jointly with his spouse, Angela Curtis, is the legal and beneficial owner of Nyco and Nyco Custodian. For further details, refer to the 'Notice of change of interests of substantial holder' dated 13 May 2015.

The ultimate ownership structure of the BBJV is as follows:



The ultimate ownership structure of the Eucla West Mineral Sands Project is as follows:



## 5.4 Principal activities of Rutla and Rutla Group

### (a) Balla Balla export facility and railway infrastructure

Rutla has a 68% interest in the BBJV, which proposes to develop the Balla Balla Port and the Balla Balla Rail Project. The foundation customer for the project is Flinders. Please see section 7.2(d) for more information in relation to the proposed acquisition of PIOP by TIO NZ.

The BBJV railway infrastructure will consist of a 160km railway and 40km conveyor from Flinders' Pilbara iron ore project to the Balla Balla Port. The Balla Balla Port will have a phased capacity of up to 45 million tonnes per annum to accommodate the Flinders throughput, the output of the Balla Balla mine and other potential third party participants.

### (b) Balla Balla Mine

The BBJV has a 100% interest in the Balla Balla Mine, a magnetite deposit, which is located 8km south of the proposed Balla Balla Port. The deposit has a JORC Code compliant resource estimate of 455.9 million tonnes of titanomagnetite ore. The mine is intended to produce up to 10 million tonnes per annum. It is proposed that the Balla Balla Mine will be developed in conjunction with an expansion of the Balla Balla Port to a total throughput capacity of 45 million tonnes per annum.

(c) **Eucla West Mineral Sands Project**

Rutila has a 25.05% interest in the Eucla West Mineral Sands Project, a heavy mineral sands project in Western Australia. A JORC Code compliant resource estimate was completed by Hellman and Schofield Pty Limited and announced by Rutila in February 2012. Todd Minerals also has a 25.05% interest in this project.

## 5.5 Rutila's issued securities

According to documents provided by Rutila to ASX, as at the date of this Bidder's Statement, Rutila's issued securities consisted of:

- 121,410,197 Shares; and
- 28,900,000 Options.

According to documents provided by Rutila to ASX, Options have been issued by Rutila:

- pursuant to the Rutila Resources Limited Employee Share Trust (**EST**), (**Employee Options**);
- to TIO NZ (**TIO NZ Options**); and
- to Riverstone Advisory (**Riverstone Options**).

(a) **Employee Options**

So far as is known to TIO NZ, the exercise prices and expiry dates for the Employee Options on issue as at the date of this Bidder's Statement are as follows:

| No. of Shares under Option | Exercise price (\$) | Expiry date       | Holder(s)                         |
|----------------------------|---------------------|-------------------|-----------------------------------|
| 600,000                    | 0.67                | 15 June 2015      | Rutila employees and/or directors |
| 5,475,000                  | 0.54                | 1 December 2015   | Rutila employees and/or directors |
| 50,000                     | 0.56                | 10 September 2017 | Rutila employees and/or directors |
| 1,450,000                  | 0.30                | 30 September 2017 | Rutila employees and/or directors |
| 7,450,000                  | 0.30                | 20 December 2017  | Rutila employees and/or directors |
| 50,000                     | 0.56                | 1 January 2018    | Rutila employees and/or directors |
| 2,325,000                  | 0.30                | 17 July 2018      | Rutila employees and/or directors |

Based on information previously released by Rutila on ASX, in the event of a takeover bid:

- The Employee Options with an expiry date of 15 June 2015 will vest and must be exercised at any time before the later of (i) 60 days after receiving notice of such takeover bid, and (ii) the date such takeover bid becomes unconditional; and
- all other Employee Options will vest and must be exercised at any time before the earlier of (i) 60 days after receiving notice of such takeover bid, and (ii) the date such takeover bid becomes unconditional,

(in each case, the **Takeover Exercise Period**).

As no replacement Options will be offered as part of the Offer, the holders of Employee Options will have a further seven days' after the expiry of the relevant Takeover Exercise Period to exercise their Employee Options (**Grace Period**). If the Employee Options are not exercised during the Grace Period, the Employee Options will lapse. In addition, if the Employee Options expire before the Grace Period, the Employee Options must be exercised on or before the expiry date.

Under the Bid Implementation Agreement, if the Takeover Bid lapses or is withdrawn or closes without being recommended by Rutila, whether the bid is conditional or unconditional, then any unexercised Employee Options will remain on foot.

Rutila has requested confirmation from ASX that no waiver from Listing Rule 6.23 is necessary in respect of this proposed treatment of the Employee Options.

(b) **TIO NZ Options**

The exercise prices and expiry dates for the TIO NZ Options on issue as at the date of this Bidder's Statement are as follows:

| No. of Shares under Option | Exercise price (\$) | Expiry date      | Holder(s) |
|----------------------------|---------------------|------------------|-----------|
| 6,500,000                  | 0.50                | 31 December 2015 | TIO NZ    |

TIO NZ has entered into the TIO NZ Option Cancellation Deed with Rutila in respect of the TIO NZ Options which provides that, subject to the satisfaction of the conditions below, the TIO NZ Options will be cancelled for nil consideration.

The Option Cancellation Deed is conditional upon:

- (1) the Offer becoming, or being declared, unconditional; and
- (2) the ASX granting Rutila a waiver from ASX Listing Rule 6.23, and any conditions to such waiver being satisfied, or waived by ASX, or the shareholders of Rutila giving any necessary approvals under ASX Listing Rule 6.23.

(c) **Riverstone Options**

So far as is known to TIO NZ, the exercise prices and expiry dates for the Riverstone Options on issue as at the date of this Bidder's Statement are as follows:

| No. of Shares under Option | Exercise price (\$) | Expiry date  | Holder(s)                   |
|----------------------------|---------------------|--------------|-----------------------------|
| 1,000,000                  | 0.50                | 29 May 2015  | Riverstone Advisory Pty Ltd |
| 2,000,000                  | 0.30                | 27 June 2017 | Riverstone Advisory Pty Ltd |
| 2,000,000                  | 0.50                | 27 June 2017 | Riverstone Advisory Pty Ltd |

Riverstone Advisory has entered into the Riverstone Option Cancellation Deed in respect of the Riverstone Options which provides that, subject to the satisfaction of the conditions below, the Riverstone Options will be cancelled in exchange for \$3.00 (in aggregate).

The Riverstone Option Cancellation Deed is conditional upon:

- (1) the Offer becoming, or being declared, unconditional; and
- (2) ASX granting Rutila a waiver from ASX Listing Rule 6.23, and any conditions to such waiver being satisfied, or waived by ASX, or the shareholders of Rutila giving any necessary approvals under ASX Listing Rule 6.23.

TIO NZ and Rutila also have the right to jointly determine (in their sole discretion) that any or all of the conditions to the Riverstone Option Cancellation Deed shall no longer apply and are waived.

Rutila has applied to ASX for a waiver from Listing Rule 6.23.

## **5.6 Other material information about the Rutila Group**

Rutila will have the opportunity to disclose in its target's statement any information about the Rutila Group it considers Rutila Shareholders would reasonably require to make an informed assessment as to whether to accept the Offer.

## **5.7 Publicly available information about Rutila Group**

Rutila 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, Rutila is subject to the listing rules of ASX which require continuous disclosure of any information Rutila has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. Rutila's file is available for inspection at ASX during normal business hours.

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

A substantial amount of information about Rutila (including copies of its financial statements) is available in electronic form from [www.rutila.com.au](http://www.rutila.com.au).

## **5.8 Announcements by Rutila in relation to the Offer**

On 12 May 2015, Rutila made a public announcement to ASX in relation to the Offer. A copy of that announcement is available for inspection on ASX's website at [www.asx.com.au](http://www.asx.com.au).

## 6 Sources of consideration

---

### 6.1 Total cash consideration

The maximum amount of cash that TIO NZ would be required to pay under the Offer if acceptances are received in respect of Rutila Shares on issue as at the date of this Bidder's Statement would be \$11.2 million.

In addition, if the holders of the Options on issue (other than those issued to Riverstone Advisory and TIO NZ, who have agreed to cancel their Options, and the Employee Options granted to Michael Wolley<sup>22</sup>) as at the date of this Bidder's Statement exercise those Options and accept the Offer in respect of the Shares issued to them, an additional \$5.1 million will be payable by TIO NZ under the Offer.

Accordingly, the maximum amount that TIO NZ could be required to pay under the Offer is \$16.3 million (**Offer Amount**) (not including any additional transaction costs to be borne by TIO NZ).

### 6.2 Sources of cash consideration

The consideration for the acquisition of your Rutila Shares under the Offer will be satisfied wholly in cash.

Todd Corporation Limited has irrevocably and unconditionally undertaken to provide TIO NZ with an amount that is equal to the Offer Amount and associated transaction costs. Such funds will be sourced from Todd Corporation's existing cash resources (namely cash or cash equivalents) and contributed to TIO NZ by equity subscription and/or debt. Todd Corporation has confirmed that funds of an amount greater than the Offer Amount and associated transaction costs are immediately available and not subject to security interests or rights of set off and are not required for other arrangements.

Although Todd Corporation has not set aside particular cash reserves, the Offer Amount does not represent a material amount of cash in the context of the cash available to Todd Corporation Group. Todd Corporation is not aware of any reason why there will not be cash reserves at least equal to the Offer Amount which will be available for provision to TIO NZ when required under the Offer.

As such, TIO NZ has access to sufficient cash resources available to fund the Offer Amount and other costs of the Offer.

---

<sup>22</sup> As further described in section 9.8, Todd Corporation holds the ultimate beneficial interest in these Employee Options.

## 7 Intentions in relation to Rutila

---

### 7.1 Introduction

The intentions of TIO NZ and Nyco are set out in this section 7. As set out in section 7.2(b), these intentions are subject to a general review and, as set out in section 7.6, reflect current intentions based on current information.

### 7.2 Intentions if Rutila becomes jointly owned by TIO NZ and Nyco

#### (a) Introduction

This section 7.2 describes the intentions of TIO NZ and Nyco if TIO NZ and its Associates (including Nyco) acquire a Relevant Interest in at least 75% of the Non-Associated Shares and TIO NZ becomes entitled to proceed to compulsory acquisition of outstanding Rutila Shares in accordance with Part 6A.1 of the Corporations Act.

If TIO NZ becomes entitled to do so, it intends to:

- proceed with compulsory acquisition of the outstanding Non-Associated Shares in accordance with the provisions of Part 6A.1 of the Corporations Act, including any Rutila Shares which are issued after the close of the Offer as a result of the exercise of Options (see section 9.5 of this Bidder's Statement); and
- following completion of the compulsory acquisition of the outstanding Non-Associated Shares, apply for termination of official quotation of Rutila Shares on ASX and arrange for Rutila to be removed from the official list of ASX.

In that circumstance, the other intentions of TIO NZ and Nyco are set out below.

#### (b) General review

As described elsewhere in this Bidder's Statement, TIO NZ Group has been involved with Rutila as a joint venture partner and as a financier, and therefore has an understanding of Rutila's core projects. TIO NZ intends generally to continue Rutila's core business, namely, mineral resource exploration and development, within the context of the intentions and plans set out in this section 7. However, after the end of the Offer Period when TIO NZ has access to further information about Rutila's projects, it intends to conduct a general review of Rutila's projects and operations to further:

- evaluate Rutila's performance, profitability and prospects;
- assess possible operational and strategic opportunities; and
- identify opportunities for operating synergies.

The specific intentions set out in this section 7 are subject to, among other things, the results of this review.

#### (c) Corporate matters

If Rutila becomes an entity jointly owned by TIO NZ and Nyco, Todd and Nyco intend that the Rutila Board will be comprised of nominees of both TIO NZ and Nyco (who are yet to be confirmed) and that the number of nominees of each of TIO NZ and Nyco will be proportionate to the interests held by each of TIO NZ and Nyco in Rutila.

#### (d) Project development

TIO NZ and Nyco have entered into the Restructure Agreement and will enter into the Shareholders' Agreement if the Offer is successful. TIO NZ and Nyco intend to exercise their respective rights and perform their respective obligations under these agreements.



As further described in section 9.3(b) of this Bidder's Statement, pursuant to the Restructure Agreement, TIO NZ and Nyco intend to:

- restructure the operations of Rutila;
- extend the terms of the existing loans by the TIO NZ Group to Rutila and providing additional funding to Rutila;
- consider exercising the conversion of all convertible loans, repay additional funding and cancel all Options;
- seek out and mature opportunities to acquire or develop additional iron ore projects and/or additional customers for the Balla Balla Infrastructure Project; and
- develop the port assets and rail assets through jointly owned entities.

As announced on 11 May 2015, TIO NZ entered into an implementation agreement with ASX listed Flinders in relation to the proposed acquisition of the Pilbara Iron Ore Project (**PIOP**), which includes certain tenements for the extraction of iron ore. The proposed acquisition is subject to certain conditions, including the approval of the transaction by Flinders' shareholders. PIOP is currently envisaged to be the foundation source of iron ore for the Balla Balla Infrastructure Project.

If the proposed acquisition of PIOP completes and the Offer is successful, TIO NZ plans to develop the PIOP and the Balla Balla Infrastructure Project as an integrated project. In anticipation of this, TIO NZ has also recently entered into conditional arrangements with Shandong Iron and Steel Group Co. Ltd (**SISG**), a Chinese steel company, for the sale and purchase of iron ore from the Central Pilbara.

These arrangements consist of a conditional agreement for long-term offtake of iron ore from PIOP and a right of first refusal over other volumes of iron ore from the Central Pilbara that TIO NZ or its affiliates might own, or have marketing rights to, in the future.

Even if TIO NZ does not gain control of PIOP, it is of the view that there may be other opportunities within the Central Pilbara to secure sources of iron ore to deliver to SISG under the Balla Balla Infrastructure Project.

**(e) Impact on employees**

Subject to the general review described in section 7.2(b), TIO NZ does not currently intend to make any material reductions to Rutila's permanent staffing levels in the event the Offer is successful, other than to appoint a successor to Nicholas Curtis as Chief Executive Officer as set out in section 9.3(b)(2).

## **7.3 Intentions for Rutila as a part owned controlled entity of TIO NZ**

**(a) Introduction**

If TIO NZ and Nyco collectively hold less than the required amount of Rutila Shares to acquire Rutila Shares compulsorily, TIO NZ may elect to waive the Minimum Acceptance Condition and declare the Offer unconditional.<sup>23</sup> However, as at the date of this Bidder's Statement, TIO NZ has not decided whether it will waive the Minimum Acceptance Condition in those circumstances.

This section 7.3 describes the intentions of TIO NZ if TIO NZ acquires control of Rutila, but TIO NZ does not become entitled to compulsorily acquire the outstanding Rutila Shares under Part 6A.1 of the Corporations Act.

---

<sup>23</sup> TIO NZ will not waive the Minimum Acceptance Condition unless TIO NZ has received valid acceptances for not less than 50.1% of the Non-Associated Shares under the Offer.

In that circumstance, and subject to the following paragraph, the intentions of TIO NZ are as set out in section 7.2, other than the intention to effect compulsory acquisition as referred to in section 7.2(a) and other than as set out in section 7.3.

In the event that TIO NZ acquires control of Rutila but does not become entitled to compulsorily acquire the outstanding Rutila Shares under Part 6A.1 of the Corporations Act, the Restructure Agreement will not take effect and the Shareholders' Agreement will not be executed. Accordingly, TIO NZ will not be able to give effect to all the intentions set out in section 7.2(d).

**(b) Limitations in giving effect to intentions**

The ability to implement the intentions set out in this section 7.3, will be subject to, among other things:

- the legal obligations of the Rutila Directors to have regard to the interests of Rutila and Rutila Shareholders;
- the requirements of the Corporations Act relating to transactions between related parties;
- potentially the Listing Rules relating to transactions between related parties;
- existing contractual obligations of Rutila; and
- the results of the general review referred to below at section 7.3(d).

TIO NZ would only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

**(c) Corporate matters**

After the end of the Offer Period, it is intended:

- to replace some of the Rutila Board with nominees of TIO NZ so that TIO NZ nominees will comprise the majority of the directors of the Rutila Board. Certain existing members of the Rutila Board who are willing to continue may be retained. To the extent required by the Listing Rules, independent directors will be retained or appointed; and
- TIO NZ may, in some circumstances, where illiquidity and the Listing Rules permit, seek to remove Rutila's listing on the ASX.

It is possible that, even if TIO NZ 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 6A.2 of the Corporations Act; for example, as a result of acquisitions of Rutila 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; however it reserves the right not to do so.

**(d) General review**

After the end of the Offer Period, TIO NZ intends to propose to the Rutila Board that a general review of Rutila's operations be conducted along similar lines to that described in section 7.2(b).

**(e) Tranche B Convertible Loan**

If TIO NZ and Nyco collectively hold less than the required amount of Rutila Shares to acquire Rutila Shares compulsorily and TIO NZ elects to waive the Minimum Acceptance

Condition and declare the Offer unconditional,<sup>24</sup> TIO NZ may elect to convert the Tranche B Convertible Loan into equity in Rutila at any point in time before 31 December 2015.

This loan is convertible into equity in Rutila priced at a 20% discount to the VWAP for the 30 days prior to TIO NZ's election to convert the loan. This conversion would dilute Rutila Shareholders. Under the Cooperation Agreement, TIO NZ has agreed with Nyco not to convert this loan during the Offer Period other than as agreed under the other Transaction Documents. This obligation ceases on termination of the Cooperation Agreement and, after such termination, TIO NZ may elect to convert the Tranche B Convertible Loan at its sole election prior to 31 December 2015. No decision has been made as at the date of this Bidder's Statement as to whether the TIO NZ Group would make such an election.

**(f) Future funding**

It is TIO NZ's intention to continue to fund and develop Rutila's projects. Rutila may require additional funding to develop the Balla Balla Infrastructure Project to a final investment decision. In addition, approximately \$32.5 million (plus accrued interest) as at 31 December 2014 of the existing debt outstanding to Balla One, a subsidiary of TIO NZ, would become payable in full on 31 December 2015 and would need to be refinanced or repaid.

In the event that TIO NZ elects not to extend the terms of the loan, Rutila would be required to raise alternative finance through a combination of debt and/or equity which may be highly dilutive to Rutila Shareholders. If Rutila is unable to raise new capital to meet these needs, Rutila may be required to enter into administration which would likely have a material impact on the equity value of Rutila and the value of its projects.

## **7.4 Intentions for Rutila if not controlled by TIO NZ**

The Offer is conditional on, amongst other things, TIO NZ acquiring a Relevant Interest in at least 75% of the Non-Associated Shares then on issue. TIO NZ will not waive this condition unless TIO NZ has received valid acceptances for not less than 50.1% of the Non-Associated Shares under the Offer.

## **7.5 Other intentions**

Subject to the matters described above in this section 7 and elsewhere in this Bidder's Statement and, in particular, the completion of the general review of Rutila's operations described in section 7.2(b) and subject also to the level of TIO NZ's and Nyco's ownership of Rutila at the end of the Offer Period, it is the intention of TIO NZ and (in the circumstance described in section 7.2(a)) Nyco, on the basis of the facts and information concerning Rutila that are known to it and the existing circumstances affecting the assets and operations of Rutila at the date of this Bidder's Statement that the business of Rutila will generally be conducted in the same manner as at the date of this Bidder's Statement and that there will be no redeployment of the fixed assets of Rutila.

## **7.6 Current intentions based on current information**

Those intentions have been formed on the basis of facts and information concerning Rutila, and the general business environment, which are known at the time of preparing this Bidder's Statement. Final decisions will only be reached by TIO NZ and Nyco in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section 7 are statements of current intention only and accordingly may vary as new information becomes available or circumstances change.

---

<sup>24</sup> TIO NZ will not waive the Minimum Acceptance Condition unless TIO NZ has received valid acceptances for not less than 50.1% of the Non-Associated Shares under the Offer.

## 8 Australian taxation considerations

---

### 8.1 Introduction

The following is a general description of the principal Australian tax consequences for registered holders of Shares upon the disposal of their shareholdings to TIO NZ.

The following description is intended as a general guide to the Australian tax considerations and is based upon the law in effect at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every registered holder of Shares, and it is not intended to be advice and should not be relied on as such. In particular, the registered holders of Shares should be aware that the levels and bases of taxation can change and, where reference is made to tax concessions, this is to tax concessions as currently applying. It is recommended that registered holders seek independent professional advice in relation to their own particular circumstances.

Any persons who may be subject to tax in any jurisdiction outside Australia should obtain independent professional advice on their particular circumstances.

The Australian tax implications outlined below are relevant to registered holders who hold their Shares as capital assets for the purposes of investment and who do not hold their Shares as trading stock, as part of a profit-making undertaking or scheme, under an arrangement which qualifies as an employee share or rights plan for Australian tax purposes, or otherwise on revenue account. This section in particular does not address in detail the tax considerations applicable to persons holding options, or registered holders that may be subject to special rules, such as banks, insurance companies, tax exempt organisations, trusts, superannuation funds, dealers in securities or registered holders how change their tax residence while holding Shares. It also does not consider the Australian tax considerations for registered shareholders who are non-residents for Australian tax purposes and who hold their Shares as an asset of a permanent establishment in Australia.

### 8.2 Capital gains tax (CGT) implications

#### (a) CGT event

For CGT purposes, a 'CGT event' will occur when you dispose of Your Shares to TIO NZ. Generally, your disposal should take place on the later of the date you accept the Offer and the date that the Offer becomes unconditional. However, if you do not accept the Offer and Your Shares are compulsorily acquired your disposal should take place on the date TIO NZ becomes the owner of Your Shares.

#### (b) Determining your capital gain or loss

Any capital gain or loss from the CGT event will be determined by comparing the total consideration that you receive for Your Shares with the CGT cost base or reduced cost base of Your Shares.

The cost base or reduced cost base of Your Shares should broadly equal the money you paid or were required to pay to acquire Your Shares plus any non-deductible incidental costs incurred in acquiring and disposing of the Shares.

You will make a capital gain from the disposal of Your Shares to TIO NZ if the consideration that you received exceeds the cost base of Your Shares.

Conversely, you will make a capital loss if the reduced cost base of Your Shares exceeds the consideration that you received.

The tax treatment of your capital gain or capital loss arising from the disposal of Your Shares depends on whether or not you are an Australian resident for taxation purposes and whether you hold Your Shares as an individual, trustee of a trust, complying superannuation fund or company.

a) Australian residents

You may be entitled to the CGT discount if:

- i) you are an Australian resident individual, trust or complying superannuation fund;
- ii) you have held Your Shares for at least 12 months; and
- iii) you make a capital gain from the disposal of Your Shares.

The CGT discount will result in:

- i) your capital gain being reduced by 50%, if you are an individual or a trust; or
- ii) your capital gain being reduced by 33 1/3%, if you are a complying superannuation fund.

No CGT discount is available for companies.

If you make a capital gain from the disposal of Your Shares, that capital gain will be combined with any other capital gains you have made for the income year, then the total will be applied against any capital losses you have made in the current year or are entitled to offset from prior years (before taking into account the CGT discount, if applicable). Any resulting net capital gain will be included in your assessable income for the income year. Any resulting net capital loss will be carried forward and may be applied against any future assessable capital gains (before taking into account the CGT discount, if applicable) if loss carry forward requirements are met.

If you make a capital loss from the disposal of Your Shares, that capital loss may only be offset against your assessable capital gains (before taking into account the CGT discount, if applicable) for the current income year. Any excess capital loss will be carried forward and may be applied against your future assessable capital gains (before taking into account the CGT discount, if applicable) if loss carry forward requirements are met.

b) Non-Australian residents

The disposal of Your Shares can be subject to Australian CGT.

If you are a non-Australian tax resident, it is recommended that you obtain your own independent professional advice as to the Australian tax consequences arising from the disposal of Your Shares.

### 8.3 Australian stamp duty and the goods and services tax (GST)

No Australian stamp duty or GST is payable by you on the sale of Your Shares to TIO NZ pursuant to the Offer

You may be charged GST on incidental costs (for example, brokerage or advisory fees) incurred in acquiring and disposing of Your Shares. You may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent professional advice in relation to your own particular circumstances.

## 9 Other material information

---

### 9.1 FIRB approval

On 4 June 2015, TIO NZ applied for a letter of no objection under the FATA for the Takeover Bid. As at the date of this Bidder's Statement, a letter of no objection had not been received from the Treasurer. Accordingly the condition in section 10.7(c) of this Bidder's Statement has not yet been satisfied.

### 9.2 Bid Implementation Agreement

On 11 May 2015, TIO NZ and Rutila entered into the Bid Implementation Agreement. A full copy of the Bid Implementation Agreement was attached to the announcement released by Rutila to the ASX on the Announcement Date and is available at [www.asx.com.au](http://www.asx.com.au).

The key terms of the Bid Implementation Agreement are summarised below.

#### (a) Exclusivity arrangements

The Bid Implementation Agreement contains certain exclusivity arrangements in favour of TIO NZ, which are set out in full in clause 6 of the Bid Implementation Agreement. In summary, Rutila has agreed to the following exclusivity arrangements which apply during the exclusivity period, which runs from the date of the Bid Implementation Agreement until the earlier of the end of the Offer Period or the date that is 6 months after the date of the Bid Implementation Agreement:

- (1) **No talk** – Rutila must not, and must ensure that none of its Related Persons (other than Related Persons who are nominees of TIO NZ or a related body corporate of TIO NZ), participate in or continue any negotiations or discussions that may lead to a Competing Proposal, enter into any agreement or arrangement regarding a Competing Proposal or disclose provide any non-public information about the Rutila Group that may lead to a Competing Proposal unless, in the opinion of the Independent Director, formed in good faith, after receiving written legal advice from an external legal adviser, that compliance with such obligations would constitute or be likely to constitute a breach of any fiduciary or statutory duties of the Independent Director;
- (2) **No shop** – Rutila must not, and must ensure that none of its Related Persons (other than Related Persons who are nominees of TIO NZ or a related body corporate of TIO NZ), solicit any inquiry, proposal or discussion that may lead to a Competing Proposal;
- (3) **Notification** – Rutila must as soon as possible notify TIO NZ in writing if it, or any of its Related Persons, is approached in relation to a Competing Proposal. Rutila must provide the identity of any person making or proposing, and all material terms and conditions of, the Competing Proposal unless, in the opinion of the Independent Director, formed in good faith, after receiving written legal advice from an external legal adviser, that compliance with such obligations would constitute or be likely to constitute a breach of any fiduciary or statutory duties of the Independent Director;
- (4) **Cease existing discussions** – Rutila must cease any discussions or negotiations that relate to any Competing Proposal or any transaction that is likely to reduce the likelihood of the success of the Takeover Bid; and



- (5) **Provision of information** – Rutila must provide TIO NZ with any non-public information about the Rutila Group's business or affairs disclosed to any person in connection with a Competing Proposal unless, in the opinion of the Independent Director, formed in good faith, after receiving written legal advice from an external legal adviser, that compliance with such obligations would constitute or be likely to constitute a breach of any fiduciary or statutory duties of the Independent Director.

(b) **Conduct of business**

The Bid Implementation Agreement imposes certain obligations on Rutila from the date of the Bid Implementation Agreement until the end of the Offer Period in relation to its conduct of business.

Among other things, Rutila has agreed to:

- (1) conduct its business in the usual and ordinary course and on a basis consistent with past practice or as may be required in order to satisfy a specific requirement of a Government Agency; and
- (2) preserve and maintain the value of its business and assets.

Full details are set out in clause 3 of the Bid Implementation Agreement.

(c) **Distributions**

From the date of the Bid Implementation Agreement until the end of the Offer Period, Rutila has agreed that it will not declare, pay or distribute any dividend, bonus or other share of its profits or assets.

(d) **Change in recommendation**

Subject to clause 6 (Exclusivity) of the Bid Implementation Agreement, Rutila must use its best endeavours to procure that the Independent Director does not change, withdraw, modify or fail to repeat his recommendation that Rutila Shareholders accept the Offer in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Offer is fair and reasonable unless the Independent Director has obtained written legal advice from his external legal adviser and determined that not to change, withdraw or modify, or to repeat, his recommendation would constitute, or would be likely to constitute, a breach of any of his fiduciary or statutory duties.

(e) **Rutila warranties**

Rutila has provided a number of warranties as at the date of the Bid Implementation Agreement, and on each day up to and including the last day of the Offer Period. These warranties are set out in full in clause 8 of the Bid Implementation Agreement.

(f) **Termination**

Either Rutila or TIO NZ may terminate the Bid Implementation Agreement by written notice to the other if:

- (1) TIO NZ withdraws the Takeover Bid or the Takeover Bid lapses for any reason;
- (2) the Independent Director changes his recommendation in relation to the Takeover Bid as a result of the Independent Director determining that Rutila has received a Superior Proposal or as a result of the Independent Expert concluding that the Offer is not fair and reasonable, provided that Rutila has complied with and not breached clause 6 (Exclusivity) of the Bid Implementation Agreement prior to such termination;

- (3) the other party is in material breach of the Bid Implementation Agreement and fails to remedy such breach within 5 Business Days of being provided notice of the breach; or
- (4) a court of Government Agency has issued an order, decree or ruling, or taken other action, that permanently restrains or prohibits the Takeover Bid, and the action is final and cannot be appealed or reviewed.

In addition, the Bid Implementation Agreement will terminate automatically and with immediate effect if not all of the bid conditions have either been waived or fulfilled by the end of the Offer Period.

### 9.3 Arrangements between TIO NZ and Nyco

To give effect to the proposed arrangements between TIO NZ and Nyco described above, TIO NZ and Nyco have entered into the following agreements:

- Cooperation Agreement; and
- Restructure Agreement.

TIO NZ and Nyco have also agreed a form of shareholders' agreement that would be entered into and take effect from the time they collectively own 100% of Rutila Shares (or an earlier time agreed between the parties after TIO NZ has become entitled to undertake compulsory acquisition of Rutila Shares not held by TIO NZ or Nyco).

#### (a) Cooperation Agreement

TIO NZ and Nyco have entered into a Cooperation Agreement. A copy of the Cooperation Agreement was released to the ASX on 13 May 2015 and is available at [www.asx.com.au](http://www.asx.com.au).

The key terms of the Cooperation Agreement are summarised below.

#### (1) Conduct of the Takeover Bid

TIO NZ is solely responsible for the conduct of the Takeover Bid and for making all decisions in relation to the Offer. However, TIO NZ must not, without the prior written consent of Nyco:

- free the Offer from the Minimum Acceptance Condition or the 'Foreign Investment Review Board approval' condition;
- free the Offer from, or waive any breach of, the 'ASX approval' condition, the 'Prescribed occurrences' condition, the 'No breach of representation or warranty' condition, the 'Material adverse change' condition and the 'No persons entitled to securities in the Company' condition if TIO NZ becomes aware that the relevant condition has been breached before the time TIO NZ proposes to free the Offer from all conditions;
- withdraw the Offer or extend the Offer Period so that the Offer Period is greater than 3 months; or
- amend, terminate or fail to enforce the Bid Implementation Agreement.

#### (2) Funding of the Takeover Bid

TIO NZ will be solely responsible for paying, and funding payment of, the consideration to acquire Rutila Shares under the Offer and under any compulsory acquisition process.



(3) **Compulsory acquisition**

TIO NZ must exercise its right to compulsorily acquire any outstanding Rutila Shares, except for the Rutila Shares held by or on behalf of Nyco, under Chapter 6A of the Corporations Act if it acquires the right to do so.

(4) **Standstill**

From the date of the Cooperation Agreement until the end of the Offer Period, TIO NZ and Nyco must not, and must ensure that their respective related bodies corporate and Associates (alone or with others) do not, among other things, acquire a Relevant Interest in any Rutila Shares (including by the exercise of Options or otherwise), subject to limited exceptions.

(5) **Exclusivity**

During an exclusivity period which runs until the later of 6 months after the date of the Cooperation Agreement and 6 months after the date of the Offer, TIO NZ, Nyco and each of their Related Persons are subject to 'no shop' and 'no talk' obligations in relation to, are prevented from participating in a consortium, joint bidding structure or similar structure in connection with, an actual, proposed or potential competing proposal, and are prevented from disposing of, or dealing in other respects with, the Rutila Shares held by each (including, in the case of Nyco, through accepting the Offer).

The parties are also under notification obligations in relation to any direct or indirect approach, attempt to initiate negotiations or discussions, proposal or similar (including an intention to do so) in relation to an actual, proposed or potential competing proposal.

(6) **Termination**

The Cooperation Agreement will automatically terminate if:

- (A) not all of the defeating conditions to the Offer have either been freed or fulfilled by the end of the Offer Period; or
- (B) TIO NZ is entitled to withdraw unaccepted Offers under the Takeover Bid and withdraws those unaccepted Offers in accordance with section 652A of the Corporations Act.

Either party (the **Terminating Party**) may terminate the Cooperation Agreement at any time if:

- (A) the other party is in material breach of any term of the Cooperation Agreement other than as a result of a breach by the Terminating Party;
- (B) the Terminating Party has given notice to the other parties setting out the relevant circumstances and stating an intention to terminate the Cooperation Agreement; and
- (C) the relevant circumstances have continued to exist for 10 Business Days from the time such notice is given.

A party may also terminate the Cooperation Agreement if a representation or warranty given by the other party under the Cooperation Agreement is or becomes untrue in any material respect.

In the event that the Cooperation Agreement is terminated, TIO NZ will cease to have a Relevant Interest in the Rutila Shares held by Nyco and Nyco Custodian and Nyco will cease to have a Relevant Interest in the Rutila Shares held by TIO NZ.

(b) **Restructure Agreement**

TIO NZ and Nyco have entered into a Restructure Agreement. The key terms of the Restructure Agreement are summarised below.

(1) **Restructure**

Subject to TIO NZ and Nyco holding 100% of the Rutila Shares (or an earlier time agreed between the parties after TIO NZ has become entitled to undertake compulsory acquisition of any shares not held by TIO NZ or Nyco), TIO NZ and Nyco intend that a restructure in relation to Rutila will occur, involving the following key steps:

- (A) existing rail and port assets of the BBJV will be 'spun out' into separate rail and port holding entities owned by TIO NZ and Nyco;
- (B) the terms of the Convertible Loans, the existing term loans and additional loan advances to Rutila by the TIO NZ Group will be amended so that:
  - all such loans are convertible at the election of the TIO NZ Group into fully paid ordinary shares in Rutila on an agreed basis;
  - the repayment date of the Convertible Loan is extended to 31 December 2016; and
  - the terms of the existing term loans are similarly extended;
- (C) the TIO NZ Group will commit to provide further loan funding to Rutila (and/or the port and rail entities referred to above where applicable) going forward on agreed terms, which may be convertible at the TIO NZ Group's election into equity in the relevant entities;
- (D) the TIO NZ Group's 32% interest in the BBJV will be transferred to the Rutila Group in return for Rutila issuing new shares in Rutila to a member of the TIO NZ Group (and following the completion of the transfer, the BBJV will be terminated); and
- (E) the parties will take steps to integrate PIOP with Rutila in the event the proposed acquisition of PIOP completes.

The value of the Riverstone Options is a factor that will be taken into account in determining the ultimate shareholding levels of TIO NZ and Nyco in Rutila in the event the Offer is successful.

(2) **Management of Rutila**

Under the Restructure Agreement, the parties have agreed that Nicholas Curtis will continue as CEO of Rutila for an interim period until a successor is appointed.

(3) **Termination**

The Restructure Agreement will automatically terminate if the Cooperation Agreement terminates.

(c) **Shareholders' Agreement**

The key terms of the Shareholders' Agreement in the form agreed between TIO NZ and Nyco are summarised below. This Shareholders' Agreement sets out the terms that will

govern the relationship between TIO NZ and Nyco as shareholders of Rutila and the terms on which the joint venture between them (through Rutila) will be managed.

(1) **Establishment**

TIO NZ, Nyco and Rutila will enter into the Shareholders' Agreement once TIO NZ and Nyco hold 100% of the Rutila Shares (or an earlier time agreed between the parties after TIO NZ has become entitled to undertake compulsory acquisition of any shares not held by TIO NZ or Nyco).

(2) **Board**

The shareholders in Rutila will have the right to appoint directors to the Rutila Board based on their relative shareholdings from time to time.

Board decisions will be by simple majority subject to agreed categories of matters which will require shareholder approval.

(3) **Other**

The Shareholders' Agreement also contains terms which regulate:

- funding and other financial matters;
- transfers of shares and introduction of new shareholders;
- events of default and associated rights for the non-defaulting party; and
- conduct by shareholders which may compete with the operations of Rutila.

(4) **Termination**

The Shareholders' Agreement will terminate when any shareholder holds all the Rutila Shares or the shareholders agree in writing to terminate the Shareholders' Agreement.

## 9.4 Regulatory relief

(a) **ASIC relief**

On 11 May 2015, ASIC granted relief from section 606 of the Corporations Act to the Todd Corporation Group and Nyco on certain conditions to permit the relevant parties to enter into the Cooperation Agreement and acquire a relevant interest in the Rutila Shares held by the other. This relief is necessary because, prior to obtaining the relief, each of TIO NZ and Nyco separately had a relevant interest in more than 20% of issued Rutila Shares.

As a condition of this relief, among others, Todd Corporation Group has agreed not to waive the Minimum Acceptance Condition unless TIO NZ has received valid acceptances for not less than 50.1% of the Non-Associated Shares under the Offer.

(b) **ASX waiver**

Rutila has applied to ASX for a waiver of ASX Listing Rule 6.23.2 to the extent necessary to permit the treatment of Options as set out in this Bidder's Statement.

## 9.5 Effect of the Offer on Options

The Offer does not extend to the Options. However, the Offer extends to Rutila Shares that are issued on the exercise of Options during the period from the Register Date to the end of the Offer Period.

If TIO NZ and its Associates (including Nyco) have a Relevant Interest in at least 75% of the Non-Associated Shares during or at the end of the Offer Period, TIO NZ intends to give a notice of compulsory acquisition to all outstanding Rutila shareholders (other than Nyco and Nyco Custodian), even if the Rutila Shares to which those notices relate are issued:

- after the Offer closes but before the notices are given (pursuant to section 661A(4)(b) of the Corporations Act); or
- on exercise of Options, up to 6 weeks after the notices are given (pursuant to section 661A(4)(c) of the Corporations Act).

If not all of the Options lapse or are cancelled pursuant to agreements or other arrangements, and TIO NZ is entitled to compulsorily acquire any outstanding Shares, TIO NZ presently intends to seek to compulsorily acquire or cancel any outstanding Options pursuant to Part 6A.2 of the Corporations Act, although it reserves the right not to do so.

Further details of the effect of the Offer on the Options is set out in section 5.5.

## **9.6 Broker handling fee arrangements**

No commissions will be paid by TIO NZ to brokers who solicit acceptances by Rutila Shareholders.

## **9.7 Date for determining holders of Rutila 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.

## **9.8 Interests in Rutila securities**

As at the date of this Bidder's Statement:

- TIO NZ's voting power in Rutila was 69.35%<sup>25</sup>;
- TIO NZ had a Relevant Interest in 84,194,863 Rutila Shares<sup>26</sup>; and
- TIO NZ held a Relevant Interest in 11,800,000 Options.<sup>27</sup>

As a result of the arrangements between TIO NZ and Nyco, TIO NZ's interests in Rutila securities as at the date of the Offer are the same as the abovementioned interests. See section 9.3(a)(4) of this Bidder's Statement for more information on the standstill arrangements between TIO NZ and Nyco.

---

<sup>25</sup> As at the date of this Bidder's Statement, TIO NZ is Rutila's largest shareholder, holding approximately 46.1% of Rutila's Shares. Nyco, as at the date of this Bidder's Statement, holds approximately 23.3% of Rutila's Shares. As a result of the arrangements between the parties, TIO NZ and Nyco have a Relevant Interest in each other's Rutila Shares. See section 9.3 of this Bidder's Statement for more information on the arrangements between the parties.

<sup>26</sup> As at the date of this Bidder's Statement, TIO NZ is Rutila's largest shareholder, holding approximately 46.1% of Rutila's Shares. Nyco, as at the date of this Bidder's Statement, holds approximately 23.3% of Rutila's Shares. As a result of the arrangements between the parties, TIO NZ and Nyco have a Relevant Interest in each other's Rutila Shares. See section 9.3 of this Bidder's Statement for more information on the arrangements between the parties.

<sup>27</sup> As at the date of this Bidder's Statement, TIO NZ has 6,500,000 Options and a Relevant Interest in the 5,000,000 Options held by Riverstone Advisory as a result of the arrangements between the parties (see section 9.3 of this Bidder's Statement for more information on these arrangements). As at the date of this Bidder's Statement, TIO NZ also has a relevant interest in the 300,000 Employee Options granted to Mr Wolley as a result of Mr Wolley's employment arrangements with Todd Corporation.

Mr Wolley has been granted 300,000 Employee Options. Todd Corporation holds the ultimate beneficial interest in these Employee Options.

## **9.9 Dealing in Shares and Options**

### **(a) Previous 4 months**

Neither TIO NZ nor any Associate of TIO NZ has provided, or agreed to provide, consideration for Shares under any purchase or agreement during the 4 months before the date of this Bidder's Statement.

### **(b) Period before Offer**

Neither TIO NZ nor any Associate of TIO NZ 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.

## **9.10 No pre-Offer benefits**

During the period of 4 months before the date of this Bidder's Statement, neither TIO NZ nor any Associate of TIO NZ gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- accept the Offer; or
- dispose of Rutila Shares,

and which is not offered to all holders of Rutila Shares under the Offer.

During the period from the date of this Bidder's Statement to the date before the date of the Offer, neither TIO NZ nor any Associate of TIO NZ gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- accept the Offer; or
- dispose of Rutila Shares,

and which is not offered to all holders of Rutila Shares under the Offer.

## **9.11 Other arrangements**

The TIO NZ Group is a significant financier to Rutila. As at the date of this Bidder's Statement, the TIO NZ Group has the following financing arrangements in place with Rutila:

- (a) As at 31 December 2014, Forge Resources (a subsidiary of Rutila) has senior secured debt outstanding to Balla One (a subsidiary of TIO NZ) of \$32.5 million plus accrued interest of approximately \$15.6 million. The loan is repayable on 31 December 2015 and accrues interest at 15% per annum; and
- (b) Balla One and Forge Resources have also entered into the Convertible Loan. The Convertible Loan is split into two equal tranches with each tranche optionally convertible into fully paid ordinary shares in Rutila. The TIO NZ Group notified Rutila of its intention to convert the first tranche of the Convertible Loan on 24 October 2014. As a result of the conversion the TIO NZ Group's interests in Rutila increased from 19.64% to 46.08%.

On 28 November 2014, Rutila drew down on the second tranche of the Convertible Loan (which is included in the balance above). The TIO NZ Group

is entitled to convert the second tranche of the Convertible Loan from 28 February 2015 until 31 December 2015. As part of the arrangements with Nyco, the TIO NZ Group has agreed not to convert the second tranche of the Convertible Loan during the Offer Period (See section 7.3(e) of this Bidder's Statement for more information).

In its agreements with Nyco, if the Offer is successful, TIO NZ has agreed to certain arrangements in relation to the financing above. See section 9.3(b) of the Bidder's Statement for more information on these arrangements.

## **9.12 No escalation agreements**

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

## **9.13 Consents to be named**

Todd Corporation has given written consent to be named in this Bidder's Statement in the form and context in which it is so named and 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.

Nyco has given written consent to be named in this Bidder's Statement in the form and context in which it is so named and to the inclusion of the Nyco Information in the form and context in which the Nyco Information appears and has not withdrawn that consent as at the date of this Bidder's Statement.

Herbert Smith Freehills has given written consent to be named in this Bidder's Statement in the form and context in which it is so named and has not withdrawn that consent as at the date of this Bidder's Statement.

Computershare has given written consent to be named in this Bidder's Statement in the form and context in which it is so named and has not withdrawn that consent as at the date of this Bidder's Statement.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to 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, free of charge, during the bid period, please contact the Offer Information Line on 1300 667 923 (toll-free within Australia) or + 61 3 9415 4000 (from outside Australia). Calls to these numbers may be recorded.

In addition, as permitted by ASIC Class Order 13/523, this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

## **9.14 Social security and superannuation implications of 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.

## **9.15 Other material information**

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

- material to the making of a decision by a Rutila Shareholder whether or not to accept the Offer; and
- known to TIO NZ, which has not previously been disclosed to Rutila Shareholders.

## 10 The terms and conditions of the Offer

---

### 10.1 Offer

- (a) TIO NZ offers to acquire all of Your Shares on and subject to the terms and conditions set out in section 10 of this Bidder's Statement.
- (b) The consideration under the Offer is \$0.30 cash per Share.
- (c) By accepting this Offer, you undertake to transfer to TIO NZ not only the Shares to which the Offer relates, but also all Rights attached to those Shares (see clause 10.5(c)(6) and clause 10.6(c)).
- (d) This Offer is being made to each person registered as the holder of Shares in the register of Rutila Shareholders at open of business (Sydney time) on the Register Date. It also extends to:
  - (1) holders of securities that come to be 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 and which are on issue as at the Register Date; 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 the Offer Information Line on 1300 667 923 (toll-free within Australia) or + 61 3 9415 4000 (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 10 June 2015.



## 10.2 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) 22 July 2015; or
  - (2) any date to which the Offer Period is extended.
- (b) TIO NZ reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, the Offer is varied to improve the consideration offered, 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.

## 10.3 How to accept this Offer

- (a) **General**
  - (1) Subject to clause 10.1(e) and clause 10.1(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 Rutila's issuer sponsored subregister**

To accept this Offer for Shares held in your name on Rutila's issuer sponsored subregister (in which case your Security holder 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 at the address 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 CHESS 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 Rutila shareholders who are not institutions, this is normally the stockbroker through whom you bought Your Shares or 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 CHESS Holding (in which case your Holder Identification Number shown on the accompanying Acceptance Form 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 CHESS Holding (in which case your Holder Identification Number shown on the accompanying Acceptance Form 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 the address shown on the Acceptance Form.

- (4) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number shown on the accompanying Acceptance Form will commence with 'X'), you must comply with any other applicable ASX Settlement Operating Rules.

(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 the address 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 TIO NZ at the address 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 TIO NZ in time for TIO NZ 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.

## **10.4 Validity of acceptances**

- (a) Subject to this clause 10.4, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in clause 10.3.
- (b) TIO NZ 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. TIO NZ is not required to communicate with you prior to making this determination. The determination of TIO NZ will be final and binding on all parties.
- (c) Notwithstanding clause 10.3(b), clause 10.3(c), clause 10.3(d) and clause 10.3(e), TIO NZ 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 TIO NZ.

- (d) Where you have satisfied the requirements for acceptance in respect of only some of Your Shares, TIO NZ may, in its sole discretion, regard the Offer to be accepted in respect of those of Your Shares but not the remainder.
- (e) TIO NZ will provide the consideration to you in accordance with clause 10.6, in respect of any part of an acceptance determined by TIO NZ to be valid.

## **10.5 The effect of acceptance**

- (a) Once you have accepted this Offer, you will be able to revoke your acceptance at any time while the condition in clause 10.7(c) remains unfulfilled. When the condition in clause 10.7(c) has been fulfilled, 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 clause 10.5(b), the conditions in clause 10.7 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 TIO NZ 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 clause 10.7, 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 clause 10.5(a)(1) are:
  - (1) in relation to the condition in clause 10.7(e), the end of the third business day after the end of the Offer Period; and
  - (2) in relation to all other conditions in clause 10.7, the end of the Offer Period.
- (c) By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to clause 10.3, 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 clause 10.7 being fulfilled or freed, agreed to transfer to TIO NZ, Your Shares (even if the number of Shares specified on the Acceptance Form differs from the number of Your Shares), subject to clause 10.1(e) and clause 10.1(f);
  - (2) represented and warranted to TIO NZ, 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 TIO NZ 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 TIO NZ, and that you have paid to Rutila all amounts which at the time of acceptance have fallen due for payment to Rutila in respect of Your Shares;

- (3) irrevocably authorised TIO NZ (and any director, secretary or nominee of TIO NZ) to alter the Acceptance Form on your behalf by inserting correct details of Your, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by TIO NZ to make it an effective acceptance of this Offer or to enable registration of Your Shares in the name of TIO NZ;
- (4) if you signed the Acceptance Form in respect of Shares which are held in a CHESS Holding, irrevocably authorised TIO NZ (or any director, secretary or agent of TIO NZ) 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 CHESS Holding, irrevocably authorised TIO NZ (or any director, secretary or agent of TIO NZ) to give any other instructions in relation to Your Shares to your Controlling Participant, as determined by TIO NZ acting in its own interests as a beneficial owner and intended registered holder of those Shares;
- (6) irrevocably authorised and directed Rutila to pay to TIO NZ, or to account to TIO NZ for, all Rights in respect of Your Shares, subject, if this Offer is withdrawn, to TIO NZ accounting to you for any such Rights received by TIO NZ;
- (7) irrevocably authorised TIO NZ to notify Rutila 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 TIO NZ in the notification;
- (8) with effect from the date on which all the conditions to this Offer in clause 10.7 have been fulfilled or freed, to have irrevocably appointed TIO NZ (and any director, secretary or nominee of TIO NZ) 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 Rutila and to request Rutila to register, in the name of TIO NZ 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 date on which all the conditions to this Offer in clause 10.7 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 of Rutila or to exercise or purport to exercise any of the powers and rights conferred on TIO NZ (and its directors, secretaries and nominees) in clause 10.5(c)(8);
- (10) agreed that in exercising the powers and rights conferred by the powers of attorney granted under clause 10.5(c)(8), the attorney will be entitled to act in the interests of TIO NZ as the beneficial owner and intended registered holder of Your Shares;
- (11) agreed to do all such acts, matters and things that TIO NZ may require to give effect to the matters the subject of this clause 10.5(c) (including the execution of a written form of proxy to the same effect as this clause 10.5(c) which complies in all respects with the requirements of the constitution of Rutila) if requested by TIO NZ;

- (12) agreed to indemnify TIO NZ 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 Acceptance Shares to TIO NZ being registered by Rutila without production of your Holder Identification Number or your Securityholder Reference Number for Your Shares;
  - (13) represented and warranted to TIO NZ that, unless you have notified it in accordance with clause 10.1(f), Your Shares do not consist of separate parcels of Shares;
  - (14) irrevocably authorised TIO NZ (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer Your Shares to TIO NZ's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer;
  - (15) agreed, subject to the conditions of this Offer in clause 10.7 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that TIO NZ may consider necessary or desirable to convey Your Shares registered in your name and Rights to TIO NZ;
- (d) The undertakings and authorities referred to in clause 10.5(c) will remain in force after you receive the consideration for Your Shares and after TIO NZ becomes registered as the holder of Your Shares.

## 10.6 Payment of consideration

- (a) Subject to this clause 10.6 and the Corporations Act, TIO NZ 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.
- (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, TIO NZ will provide the consideration in accordance with clause 10.6(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, TIO NZ 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, TIO NZ 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, TIO NZ will provide the consideration within 21 days after that document is delivered. 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, TIO NZ will provide the consideration due to you within 21 days after the Offer becomes unconditional.

- (c) If you accept this Offer, TIO NZ is entitled to all Rights in respect of Your Shares. TIO NZ may require you to provide all documents necessary to vest title to those Rights in TIO NZ, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to TIO NZ, or if you have (or any previous owner of Your Shares has) received the benefit of those Rights:
  - (1) TIO NZ will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by TIO NZ) of those Rights; and
  - (2) if it is able reasonably to assess the value to it of the franking credits, if any, attached to the Rights, TIO NZ will be entitled to also deduct an amount equal to that value from the consideration otherwise due to you.
- (d) The consideration payable by TIO NZ 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 TIO NZ, on your Acceptance Form or the register copy supplied by Rutila 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) or any other 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 TIO NZ 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 TIO NZ.

## 10.7 Conditions of this Offer

Subject to clause 10.8, 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 condition**

At the end of the Offer Period, TIO NZ has a Relevant Interest in at least 75% of the Non-Associated Shares then on issue. TIO NZ will not waive this condition unless TIO NZ has received valid acceptances for not less than 50.1% of the Non-Associated Shares under the Offer.
- (b) **ASX waiver**

Before the end of the Offer Period, ASX has provided a waiver of Listing Rule 6.23 necessary to permit the transactions contemplated in this agreement in relation to the Options to be completed.



(c) **Foreign Investment Review Board approval**

Before the end of the Offer Period, one of the following occurring:

- (1) TIO NZ receiving notice from, or on behalf of, the Treasurer to the effect that there is no objection under the Federal Government's foreign investment policy or FATA to the acquisition by TIO NZ of the Shares under the Offer and that notice is not subject to any condition; or
- (2) the period under the FATA during which the Treasurer may make an order or interim order under the FATA prohibiting the acquisition by TIO NZ of the Shares under the Offer elapsing, without such an order being made; or
- (3) if an interim order is made prohibiting the acquisition of the Shares by TIO NZ under the Offer is made by the Treasurer, the subsequent period for making a final order prohibiting the acquisition elapsing, without such an order being made.

(d) **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 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 Rutila concerning any Event; or
  - (C) information concerning any Event becomes known to TIO NZ (whether or not becoming public),  
(each of (A), (B) and (C) a **Specified Event**) which, whether individually or when aggregated with all such Events (including a decision of a Government Agency or a change in law) of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:
- (D) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Rutila Group taken as a whole; or
- (E) without limiting the generality of paragraph 10.7(d)(1)(D);
  - the effect of a diminution in the value of the consolidated net assets of the Company 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; or
  - the effect of impairing, terminating or otherwise adversely affecting or changing any Mining Rights of the Company, or Government Licenses issued in connection with the Mining Rights of the Company;
- (2) For the purposes of paragraph 10.7(d)(1), a Specified Event shall not include:
  - (A) matters fully and fairly disclosed to the Bidder in the Company Diligence Materials or in the Company's filings with ASIC and ASX prior to the date of this agreement; and
  - (B) changes in general economic or industry conditions or changes in the iron ore price.

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

(e) **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) Rutila converting all or any of the Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (2) Rutila or a subsidiary of Rutila resolving to reduce its share capital in any way;
- (3) Rutila or a subsidiary of Rutila 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) Rutila or a subsidiary of Rutila making an issue of Shares (other than Shares issued as a result of the exercise of Options into Shares) or granting an option over the Shares or agreeing to make such an issue or grant such an option;
- (5) Rutila or a subsidiary of Rutila issuing, or agreeing to issue, convertible notes;
- (6) Rutila or a subsidiary of Rutila disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (7) Rutila or a subsidiary of Rutila granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (8) Rutila or a subsidiary of Rutila resolving that it be wound up;
- (9) the appointment of a liquidator or provisional liquidator of Rutila or of a subsidiary of Rutila;
- (10) the making of an order by a court for the winding up of Rutila or of a subsidiary of Rutila;
- (11) an administrator of Rutila or of a subsidiary of Rutila being appointed under section 436A, 436B or 436C of the Corporations Act;
- (12) Rutila or a subsidiary of Rutila 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 Rutila or of a subsidiary of Rutila.

(f) **No breach of representation or warranty**

Between the Announcement Date and the end of the Offer Period (each inclusive) there is not a material breach of a Rutila Warranty (other than a breach of which the Bidder was aware of at the date of this agreement).

(g) **No persons entitled to securities in Rutila**

Between the Announcement Date and the end of the Offer Period (each inclusive) the information set out in Schedule 3 to the Bid Implementation Agreement is true, complete and accurate in all respects and:



- (1) there are no other securities on issue, or that might be issued, or offered to be issued as a result of the exercise of any options, convertible securities or other rights;
- (2) neither Rutila nor any of its subsidiaries has granted any person the right, whether contingent or otherwise, to call for the issue or allotment of any Shares, options or other securities in Rutila and its subsidiaries; and
- (3) no person has any agreement, option, warrant, right (whether contingent or otherwise) or privilege (whether contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for, issuance of, conversion into or exchange for, any of the Shares or other securities of Rutila or its subsidiaries,

other than the arrangements included in the Tranche 2 Convertible Loan concerning the potential issue of Rutila Shares.

## 10.8 Nature and benefit of conditions

- (a) The condition in clause 10.7(c) is a condition precedent to the acquisition by TIO NZ of any interest in Shares of a kind which would cause a breach of the provisions of laws referred to therein. Notwithstanding your acceptance of the Offer, unless and until the condition in that clause is fulfilled:
  - (1) no contract for the sale of Your Shares will come into force or be binding on you or on TIO NZ;
  - (2) TIO NZ will have no rights (conditional or otherwise) in relation to Your Shares;
  - (3) if any of Your Shares are held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Shares by having your Controlling Participant transmit a valid originating message to ASX Settlement specifying the Shares to be released from the sub-position, in accordance with Rule 14.16 of the ASX Settlement Operating Rules, at any time prior to the fulfilment of that condition; and
  - (4) if any of Your Shares are not held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Shares by sending a notice to that effect signed by you (or on your behalf, in which case documentation proving that the person or persons signing the notice are authorised to do so must accompany the notice) to the address specified on the Acceptance Form, so that it is received at the relevant address at any time prior to the fulfilment or freedom of that condition.
- (b) The other conditions in clause 10.7 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 clause 10.7(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 clause 10.9(b).
- (c) Subject to the Corporations Act and clause 10.8(a), TIO NZ alone is entitled to the benefit of the conditions in clause 10.7, or to rely on any non-fulfilment of any of them.
- (d) Each condition in clause 10.7 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

## **10.9 Freeing the Offer of conditions**

- (a) TIO NZ may free this Offer, and any contract resulting from its acceptance, from all or any of the conditions subsequent in clause 10.7, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Rutila and to 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 clause 10.7(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 clause 10.7, 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 clause 10.7(e), at the end of the third business day after the end of the Offer Period), the conditions in clause 10.7 have not been fulfilled and TIO NZ 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.

## **10.10 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 14 July 2015 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

## **10.11 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, TIO NZ will give notice of the withdrawal to ASX and to Rutila and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Offer is withdrawn, all the conditions in clause 10.7 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 clause 10.7, 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 clause 10.11 will be deemed to take effect:
  - (1) if the withdrawal is not subject to conditions imposed by ASIC, after the date on which that consent in writing is given by ASIC; or
  - (2) if the withdrawal is subject to conditions imposed by ASIC, after the date on which those conditions are satisfied.

## **10.12 Variation of this Offer**

TIO NZ may vary this Offer in accordance with the Corporations Act.

## **10.13 No stamp duty**

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

#### **10.14 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.

## 11 Definitions and interpretation

---

### 11.1 Definitions

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

| Term                                      | Meaning  |
|---|--|
| <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 TIO NZ, being 12 May 2015.  |
| <b>ASIC</b>                               | the Australian Securities and Investments Commission.  |
| <b>Associate</b>                          | has the meaning given in section 12(2) of the Corporations Act.  |
| <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 Subregister System.   |
| <b>ASX</b>                                | as the context requires, ASX Limited (ABN 98 008 624 691) or the securities market conducted by it.  |
| <b>ATO</b>                                | Australian Taxation Office.  |
| <b>Balla Balla Mine</b>                   | the BBJV's titanomagnetite deposit near to the Balla Balla Port which contains high grades of iron, titanium and vanadium.   |
| <b>BBJV or Balla Balla Joint Venture</b>  | the unincorporated joint venture between Forge Resources (a subsidiary of Rutila) and Balla Two (Mining) Pty Limited (a subsidiary of TIO NZ) for the purposes of developing the Balla Balla Infrastructure Project. |
| <b>Balla Balla Infrastructure Project</b> | together the Balla Balla Port and the Balla Balla Rail Project.  |

| <b>Term</b>                         | <b>Meaning</b>   |
|-------------------------------------|--|
| <b>Balla Balla Port</b>             | the proposed export facilities and associated infrastructure in the Balla Balla Harbour in the Pilbara, Western Australia designed to use transshipment vessels to load iron ore on to ocean going vessels.  |
| <b>Balla Balla Rail Project</b>     | the proposed 200km rail line and conveyor system and associated infrastructure designed to transport iron ore from the Central Pilbara region to the Balla Balla Port.   |
| <b>Balla One</b>                    | Balla One (Investments) Pty Limited, a subsidiary of TIO NZ.   |
| <b>Balla Two</b>                    | Balla Two (Mining) Pty Limited, a subsidiary of TIO NZ.  |
| <b>Bid Implementation Agreement</b> | the bid implementation agreement between TIO NZ and Rutila dated 11 May 2015.  |
| <b>Bidder's Statement</b>           | this document, being the statement of TIO NZ under Part 6.5 Division 2 of the Corporations Act relating to the Offer.  |
| <b>Business Day</b>                 | a day on which banks are open for business in Sydney, Australia and Wellington, New Zealand, excluding a Saturday, Sunday or public holiday.   |
| <b>CGT</b>                          | capital gains tax.   |
| <b>CHESS Holding</b>                | a number of Shares which are registered on Rutila's share register being a register administered by the ASX Settlement and which records uncertificated holdings of Shares.  |
| <b>Competing Proposal</b>           | <p>any proposal, agreement, arrangement or transaction, which, if entered into or completed, would mean a Third Party (either alone or together with any Associates) may:</p> <ol style="list-style-type: none"> <li>1 directly or indirectly acquire a relevant interest or have the right to acquire, a legal, beneficial or economic interest in 10% or more of the Shares or of the share capital of any subsidiary of Rutila;</li> <li>2 directly or indirectly acquire control of Rutila or a subsidiary of Rutila;</li> <li>3 otherwise (whether directly or indirectly) acquire or become the holder of, have a right to acquire or have an economic interest in all or a material part of Rutila's business or assets or the business or assets of any subsidiary of Rutila;</li> </ol> |

| Term                                    | Meaning   |
|---|---|
|   | <p>4 otherwise acquire (directly or indirectly) or merge with Rutila or a subsidiary of Rutila; or</p> <p>5 enter into any agreement, arrangement or understanding requiring the Company or the Independent Director to (i) change, withdraw or modify the Independent Director's recommendation of the Takeover Bid or (ii) not recommend the Takeover Bid,</p> <p>whether by way of takeover bid, scheme of arrangement, trust scheme, securityholder approved acquisition, capital reduction or buy back, relevant agreement, sale or purchase of shares, units, securities or assets, global assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), derivative, swap, synthetic instrument or other transaction, arrangement or security.</p> |
| <b>Computershare</b>                    | Computershare Investor Services Pty Limited (ABN 48 078 279 277).   |
| <b>Controlling Participant</b>          | in relation to Your Shares, has the same meaning as in the ASX Settlement Operating Rules.  |
| <b>Convertible Loan</b>                 | the \$10 million Facility B convertible loan between Balla One and Forge Resources as set out in the amended Facility Agreement dated 21 May 2014.  |
| <b>Cooperation Agreement</b>            | the Cooperation Agreement between TIO NZ and Nyco dated 11 May 2015.  |
| <b>Corporations Act</b>                 | the <i>Corporations Act 2001</i> (Cth).   |
| <b>Employee Options</b>                 | the Options registered in the name of employees of Rutila or Trinity Management Pty Ltd (ACN 118 314 515) (as trustee of the EST) for the benefit of employees of Rutila.   |
| <b>EST</b>                              | the Rutila Resources Limited Employee Share Trust.  |
| <b>Eucla West Mineral Sands Project</b> | the mineral sands project in the Eucla Basin, Western Australia, in which Rutila has a 25.05% interest.   |
| <b>FATA</b>                             | the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).   |

| <b>Term</b>                         | <b>Meaning</b>  |
|-------------------------------------|---|
| <b>Facility Agreement</b>           | the Australia Dollar Term Facility Agreement dated 31 May 2012 between Forge Resources Swan Pty Limited, Rutila and Balla One (Investments) Pty Limited, as amended from time to time.        |
| <b>FIRB</b>                         | the Foreign Investment Review Board.  |
| <b>FIRB Condition</b>               | the Condition in clause 10.7(c) of this Bidder's Statement.   |
| <b>Flinders</b>                     | Flinders Mines Limited (ACN 091 118 044).   |
| <b>Forge Resources</b>              | Forge Resources Swan Pty Limited (ACN 149 783 068).   |
| <b>Government Agency</b>            | any government or governmental, semi governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world. |
| <b>Grace Period</b>                 | has the meaning given to that term in section 5.5(a) of this Bidder's Statement.  |
| <b>Holder Identification Number</b> | has the same meaning as in the ASX Settlement Operating Rules.  |
| <b>Independent Director</b>         | Emmanuel Correia, a director of Rutila.   |
| <b>Independent Expert</b>           | an independent expert appointed by Rutila.  |
| <b>Independent Expert's Report</b>  | the report to be prepared and issued by the Independent Expert and included in Rutila's target's statement.   |
| <b>JORC Code</b>                    | Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition.   |
| <b>Issuer Sponsored Holdings</b>    | a holding of Shares on Rutila's issuer sponsored subregister.   |

| <b>Term</b>                         | <b>Meaning</b>  |
|-------------------------------------|---|
| <b>Listing Rules</b>                | the Official Listing Rules of ASX, as amended and waived by ASX from time to time.  |
| <b>Minimum Acceptance Condition</b> | the condition contained in clause 3(a) of Schedule 2 to the Bid Implementation Agreement, and set out in section 10.7(a) of this Bidder's Statement.                                      |
| <b>Non-Associated Shares</b>        | being all Shares except those Shares in which TIO NZ and Nyco, and their respective associates, have a Relevant Interest in at the beginning of the Offer Period.                         |
| <b>Nyco</b>                         | Nyco Pty. Limited (ACN 003 663 330) as trustee of the N.A. Curtis Superannuation Fund.  |
| <b>Nyco Custodian</b>               | Nyco Custodian Pty Ltd (ACN 602 351 191).   |
| <b>Nyco Group</b>                   | Nyco and Nyco Custodian, and a reference to <b>Nyco Group Member</b> is a reference to Nyco and Nyco Custodian.   |
| <b>Nyco Information</b>             | the information regarding Nyco and Nyco Group contained in section 4 of this Bidder's Statement, and the statements attributed to Nyco contained in section 7 of this Bidder's Statement. |
| <b>NZX</b>                          | as the context requires, NZX Limited or the main board equity security market that is operates.   |
| <b>Offer</b>                        | the offer for Shares under the terms and conditions contained in section 10 of this Bidder's Statement.   |
| <b>Offer Amount</b>                 | \$16.3 million, being the maximum amount that TIO NZ could be required to pay under the Offer, as further detailed in section 6.1.  |
| <b>Offer Period</b>                 | the period during which the Offer will remain open for acceptance in accordance with section 10 of this Bidder's Statement.   |
| <b>Offer Price</b>                  | \$0.30 cash per Share.  |
| <b>Option</b>                       | an option, issued by Rutila, to subscribe for a Rutila Share.   |



| <b>Term</b>                                | <b>Meaning</b>  |
|--|---|
| <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>PIOP</b>                                | the Pilbara Iron Ore Project owned by Flinders.   |
| <b>Register Date</b>                       | the date set by TIO NZ under section 633(2) of the Corporations Act, being 5 June 2015.   |
| <b>Related Persons</b>                     | <ol style="list-style-type: none"> <li>1 a subsidiary of Rutila;</li> <li>2 an adviser, financier or consultant of Rutila or an adviser, financier or consultant of a subsidiary of Rutila; or</li> <li>3 a director, officer or employee of any entity referred to in items 1 or 2 of this definition,</li> </ol> <p>provided that no Rutila Group entity will be considered a related body corporate of TIO NZ or any related body corporate of TIO NZ.</p> |
| <b>Relevant Interest</b>                   | has the meaning given in sections 608 and 609 of the Corporations Act.  |
| <b>Restructure Agreement</b>               | the Restructure Agreement between TIO NZ and Nyco dated 11 May 2015.  |
| <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 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 Rutila or any of its subsidiaries).  |
| <b>Riverstone Advisory</b>                 | Riverstone Advisory Pty Ltd (ACN 164 304 045).  |
| <b>Riverstone Option Cancellation Deed</b> | the option cancellation deed in respect of the Riverstone Options entered into between Riverstone Advisory, Rutila and TIO NZ.  |
| <b>Riverstone Options</b>                  | the Options registered in the name of Riverstone Advisory.  |
| <b>Rutila</b>                              | Rutila Resources Limited (ABN 30 139 886 187).  |

| <b>Term</b>                              | <b>Meaning</b>  |
|--|---|
| <b>Rutila Board</b>                      | the board of directors of Rutila.   |
| <b>Rutila Director</b>                   | a director of Rutila.   |
| <b>Rutila Group</b>                      | Rutila, its subsidiaries and its interests in any unincorporated entities, including its interests the Balla Balla Joint Venture.   |
| <b>Rutila Shareholder or Shareholder</b> | a registered holder of Rutila Shares.   |
| <b>Rutila Warranties</b>                 | the warranties and representations given by Rutila set out in clause 8.1 and clause 8.2 of the Bid Implementation Agreement.  |
| <b>Securityholder Reference Number</b>   | has the same meaning as in the ASX Settlement Operating Rules.  |
| <b>Security Interest</b>                 | has the same meaning as in section 51A of the Corporations Act.   |
| <b>Shareholders' Agreement</b>           | the Shareholders' Agreement to be entered into between TIO NZ, Nyco and Rutila pursuant to the Restructure Agreement.   |
| <b>Shares or Rutila Shares</b>           | fully paid ordinary shares in the capital of Rutila.  |
| <b>Specified Event</b>                   | has the meaning given to that term in section 10.7(d) of this Bidder's Statement.   |
| <b>Superior Proposal</b>                 | <p>a bona fide Competing Proposal of the kind referred to in paragraphs 2, 3 and 4 of the definition of Competing Proposal which the Independent Director, acting in good faith and after receiving written legal advice from Rutila's legal adviser, determines is:</p> <ol style="list-style-type: none"> <li>1 reasonably capable of being valued and completed in a timely manner, taking into account all aspects of the Competing Proposal and the person making it; and</li> <li>2 more favourable to Shareholders as a whole than the Offer, taking into account all the terms and conditions of the Competing Proposal.</li> </ol> |

| <b>Term</b>                            | <b>Meaning</b>  |
|--|---|
| <b>Takeover Bid</b>                    | the off-market takeover bid constituted by the dispatch of the Offers in accordance with the Corporations Act.  |
| <b>Takeover Exercise Period</b>        | has the meaning given to that term in section 5.5(a) of this Bidder's Statement.  |
| <b>Takeover Transferee Holding</b>     | has the same meaning as in the ASX Settlement Operating Rules.  |
| <b>Third Party</b>                     | a party other than TIO NZ or its related bodies corporate.  |
| <b>TIO NZ</b>                          | TIO (NZ) Limited (New Zealand Company No. 3744171) of Level 15, The Todd Building, 95 Customhouse Quay, Wellington 6011 New Zealand.  |
| <b>TIO NZ Group</b>                    | TIO NZ, Todd Minerals or any of their subsidiaries, and a reference to <b>TIO NZ Group Member</b> is a reference to TIO NZ, Todd Minerals or any of their subsidiaries.               |
| <b>TIO NZ Option Cancellation Deed</b> | the option cancellation deed in respect of the TIO NZ Options entered into between TIO NZ and Rutila.   |
| <b>TIO NZ Options</b>                  | the Options registered in the name of TIO NZ.   |
| <b>Todd Corporation</b>                | The Todd Corporation Limited (New Zealand Company No. 3491) of Level 15, The Todd Building, 95 Customhouse Quay, Wellington 6011 New Zealand.   |
| <b>Todd Corporation Board</b>          | the board of directors of Todd Corporation.   |
| <b>Todd Corporation Group</b>          | Todd Corporation and its related bodies corporate, and a reference to <b>Todd Corporation Group Member</b> is a reference to Todd Corporation or any of its related bodies corporate. |
| <b>Todd Corporation Information</b>    | all information and statements contained in this Bidder's Statement relating to or attributed to any member of the Todd Corporation Group (other than TIO NZ).                        |

| <b>Term</b>                       | <b>Meaning</b>   |
|-----------------------------------|--|
| <b>Todd Minerals and Coal</b>     | the minerals and coal division of the Todd Corporation Group incorporating Todd Minerals Limited and TIO NZ.   |
| <b>Todd Minerals Limited</b>      | Todd Minerals Limited (New Zealand Company No. 3744115) of Level 15, The Todd Building, 95 Customhouse Quay, Wellington 6011 New Zealand.  |
| <b>Tranche 2 Convertible Loan</b> | the second \$5 million tranche of the Convertible Loan.  |
| <b>Transaction Documents</b>      | each of the following documents:<br>1 Shareholders' Agreement; and<br>2 Restructure Agreement.   |
| <b>Treasurer</b>                  | the Treasurer of the Commonwealth of Australia.  |
| <b>TSX</b>                        | the Toronto Stock Exchange.  |
| <b>VWAP</b>                       | volume weighted average price.   |
| <b>Your Shares</b>                | subject to section 10.1(e) and section 10.1(f), the Shares:<br>1 in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of Rutila at the open of business (Sydney time) on the Register Date; or<br>2 to which you are able to give good title at the time you accept this Offer during the Offer Period. |

## 11.2 Interpretation

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

- (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 section, attachment and schedule is a reference to a 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, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.


## 12 Approval of Bidder's Statement

---

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

*date*      4 June 2015

Signed for and on behalf of  
**TIO (NZ) Limited**  
by

*sign here* ►  \_\_\_\_\_  
Director

*print name* Christopher Hall

## Corporate directory

---

### **TIO NZ**

Level 15, The Todd Building  
95 Customhouse Quay  
Wellington 6011 New Zealand

### **Legal Adviser**

Herbert Smith Freehills  
Level 34, ANZ Tower  
161 Castlereagh Street  
Sydney NSW 2000 Australia

### **Share Registrar for the Offer**

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

### **TIO NZ Offer Information Line**

Callers within Australia: 1300 667 923  
Callers outside Australia: +61 3 9415 4080





