

Kalgoorlie

— MINING COMPANY —

24 May 2013

The Manager
Market Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Kalgoorlie Mining Company Limited (ASX: KMC) – takeover bid by Norton Gold Fields Limited – Target's Statement

We attach, by way of service pursuant to item 14 of subsection 633(1) of the *Corporations Act 2001* (Cth), a copy of the target's statement of Kalgoorlie Mining Company Limited (ACN 091 009 559) (**KMC**) in response to the off-market takeover offers by Norton Gold Fields Limited (ACN 112 287 797) (**Norton**) to acquire all of the listed options and all of the ordinary shares in the capital of KMC.

A copy of the target's statement has been given to each of ASIC and Norton today, and will be sent to KMC shareholders shortly.

Yours sincerely



Mr James Croser
Managing Director
Kalgoorlie Mining Company Limited

KALGOORLIE MINING COMPANY LIMITED



Kalgoorlie Mining Company Limited

Target's Statement

This Target's Statement has been issued in response to the off-market takeover bid made by Norton Gold Fields Limited (ACN 112 287 797) for all the ordinary shares and listed options in Kalgoorlie Mining Company Limited (ACN 091 009 559).

The directors of Kalgoorlie Mining Company Limited unanimously recommend that you ACCEPT Norton Gold Fields Limited's Offers (in the absence of a Superior Proposal)

STEINEPREIS PAGANIN 
Lawyers & Consultants

Legal Adviser

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

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KEY DATES

Date of NGF's Offers	7 June 2013
Date of this Target's Statement	24 May 2013
Close of Offer Period (unless extended or withdrawn)	7:00pm (AEST) on 7 August 2013

KMC SHAREHOLDER INFORMATION

KMC Shareholders may call KMC on +61 8 9444 6005 between 9:00am and 5:00pm (Perth time) Monday to Friday if they have any queries in relation to NGF's Offers.

Further information relating to NGF's Offers can be obtained from KMC's website at www.kalmining.com.au.

IMPORTANT NOTICES

Nature of this document

This document is a Target's Statement issued by Kalgoorlie Mining Company Limited (KMC) (ACN 091 009 559) under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by Norton Gold Fields Limited (NGF) (ACN 112 287 797) for all the ordinary shares in KMC and for all of the listed options in KMC.

This Target's Statement is dated 24 May 2013 and was lodged with the ASIC and given to ASX on that date. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the contents of this Target's Statement.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in section 9 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement and defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. KMC Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offers.

If you are an Australian resident for taxation purposes and you would otherwise realise a capital gain on the disposal of your KMC Shares in return for NGF Shares under the Share Offer, you should generally be able to obtain CGT scrip-for-scrip roll-over relief.

Further details in relation to tax considerations can be found in section 10 of the Bidder's Statement.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target'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 industry in which KMC operates 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 KMC, KMC's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target'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 forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Disclaimer as to information

The information on NGF and the NGF Group contained in this Target's Statement has been prepared by KMC using publicly available information. The information in the Target's Statement concerning NGF and the NGF Group, has not been independently verified by KMC. Accordingly KMC does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions 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 laws or regulations.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

Maps and diagrams

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

Privacy

KMC has collected your information from the KMC register of shareholders and KMC Optionholders for the purpose of providing you with this Target's Statement. The type of information KMC has collected about you includes your name, contact details and information on your shareholding or option holding (as applicable) in KMC. Without this information, KMC would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of KMC Shareholders and KMC Optionholders to be held in a public register. Your information may be disclosed on a confidential basis to KMC's related bodies corporate and external service providers (such as the share registry of KMC and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by KMC, please contact KMC on +61 8 9444 6005 between 9:00am and 5:00pm (Perth time) Monday to Friday.



24 May 2013

Dear KMC Shareholders and KMC Listed Optionholders

Takeover bid by Norton Gold Fields Limited

On 17 April 2013, KMC announced it had entered into a Bid Implementation Deed with NGF, pursuant to which NGF would make offers for all of the KMC Shares on issue and all KMC Listed Options on issue.

NGF is an ASX listed company that owns operating gold mines in Western Australia.

In January 2013, KMC announced that it had entered into an Ore Processing Agreement with NGF to treat up to 280,000 tonnes of ore from KMC's Bullant Mine, anticipated to recommence operations in April 2013.

The Bullant Gold Project contains an Ore Reserve of 40,366 ounces (see section 7.4 of this Target's Statement for further details), which could be exploited over a mine life of 18 months. This Ore Reserve formed the basis for a detailed mining contract tender process, which was halted at the shortlist stage following receipt of NGF's Offers.

Conditions precedent to the award of a mining contract and the recommencement of mining at the Bullant Mine included procuring funding for the capital component of the contract works. Financial circumstances are challenging in relation to the quantum and price of any contemplated equity raisings, as have the risks and terms associated with debt financing.

The KMC Board considers that the Offers by NGF deliver an attractive premium to KMC Securityholders and provide a significantly lower investment risk profile associated with KMC's single mine strategy. As such, the exploitation of the Bullant Gold Project is likely to be far more effective as a part of the combined entity.

On completion of the Merger, KMC Shareholders will hold approximately 7.5% of the combined NGF share capital, excluding NGF options.

KMC's Directors recommend you accept the Offers

NGF is offering 0.054 NGF Shares and 0.054 NGF Options (each with an exercise price of \$0.27 on or before 30 April 2015) (**Share Offer Consideration**) for each KMC Share. Based on the VWAP of NGF Shares calculated over the 90 day period prior to 15 April 2013 (being \$0.18 per NGF Share) and Norton's valuation of the NGF Options (being \$0.0316 per NGF Option based on customary market accepted valuation methodology), the Share Offer Consideration represents a premium of 55% to \$0.0074 (being the VWAP of KMC Shares for the three months up to and including 15 April 2013).

In addition, NGF is offering 0.024 NGF Options for each KMC Listed Option.

KMC Directors unanimously recommend that you accept the Offers, in the absence of a Superior Proposal. The principal reasons for KMC Directors' recommendation are:

- (a) the Share Offer Consideration represents a significant premium to recent trading prices of KMC Shares;
- (b) KMC Securityholders will have the opportunity to participate in a larger, well funded company;
- (c) KMC Securityholders should benefit from synergies of the Merged Group;
- (d) KMC Securityholders will be exposed to risks in not accepting the Offers; and
- (e) no Superior Proposal for KMC has emerged.

The detailed reasons for this recommendation are set out in section 2 of this Target's Statement.

Each KMC Director intends to accept the Offers in respect of the KMC Shares and KMC Listed Options they own, or control, in the absence of a Superior Proposal.

Accepting the Offer and next steps

The Offer Period is scheduled to close at 7:00pm (AEST) on 7 August 2013 (unless extended).

To accept the Offers, follow the instructions outlined in section 13.7 of the Bidder's Statement and printed on the Acceptance Form. To be valid, your acceptance must be received before the close of the Offer Period.

Further information

KMC will keep KMC Shareholders and KMC Listed Optionholders informed of any material developments in relation to the Offers through releases to the ASX (which will also be published on KMC's website).

I encourage you to read this document carefully. If you need any more information I recommend that you seek professional advice or call KMC on +61 8 9444 6005 between 9.00am and 5.00pm (Perth time) Monday to Friday.

Yours sincerely



Mr Peter Cordin
Non-Executive Chairman
For and on behalf of
Kalgoorlie Mining Company Limited

1. FREQUENTLY ASKED QUESTIONS

This section answers some commonly asked questions about the Offers. It is not intended to address all relevant issues for KMC Shareholders and KMC Listed Optionholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
What is NGF's Offer for my KMC Shares?	<p>NGF is offering 0.054 NGF Shares and 0.054 NGF Options for each KMC Share that you hold. You may accept the Share Offer only in respect of all, and not part, of the KMC Shares that you hold.</p> <p>The Share Offer extends to KMC Shares that come into existence because you exercise your KMC Options during the Offer Period. You can accept the Share Offer in respect of the KMC Shares you are issued on exercise of the KMC Options.</p>
What is NGF's Offer for my KMC Listed Options?	NGF is offering 0.024 Norton Options for each KMC Listed Option you hold.
As a KMC Securityholder, what choices do I have?	<p>As a KMC Securityholder, you have the following choices in respect of your KMC Shares and/or KMC Listed Options:</p> <ul style="list-style-type: none">(a) accept the Offers applicable to you;(b) sell your KMC Shares or KMC Listed Options on ASX (only if you have not already accepted the Offers);(c) in the case of KMC Listed Options, exercise your KMC Listed Options and accept the Share Offer in respect of the resultant KMC Shares or sell those KMC Shares on market through ASX; or(d) do nothing.
What are the KMC Directors recommending?	Each KMC Director recommends that you accept the Offers (in the absence of a Superior Proposal). The reasons why the Directors are recommending that you accept the Offers are set out in section 2 of this Target's Statement.

Question	Answer
What do the Directors of KMC intend to do with any KMC Securities that they hold?	Each KMC Director has advised that they intend to accept the Offers in respect of any KMC Securities that they own or control, in the absence of a Superior Proposal.
How many KMC Shares does NGF already own?	As at the date immediately before the date of this Target's Statement, NGF does not have a relevant interest in any KMC Shares. NGF's voting power as at the date of this Target's Statement is nil. See sections 6.7 and 6.8 of the Bidder's Statement for further details on NGF's interest in KMC.
How do I accept the Offers?	Details of how to accept the Offers are set out in section 13.7 of the Bidder's Statement.
What are the consequences of accepting the Offers now?	<p>If you accept the Offers, unless withdrawal rights are available (see below), you will give up your right to sell your KMC Securities on the ASX or otherwise deal with your KMC Securities while the Offers remain open.</p> <p>The effect of acceptance is set out in section 13.10 of the Bidder's Statement. KMC Securityholders should read this section in full to understand the effect that acceptance will have on their ability to exercise rights attaching to their KMC Securities and the representations and warranties they give by accepting the Offers.</p>
If I accept the Offers, can I withdraw my acceptance?	No, under the terms of the Offers you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.

Question	Answer
When do the Offers close?	<p>The Offers are scheduled to close at 7:00pm (AEST) on 7 August 2013 but the Offer Period can be extended in certain circumstances.</p> <p>Please be aware that there is no guarantee that NGF will extend the Offer Period beyond 7 August 2013. Accordingly, KMC Directors recommend that you should assume that the Offer Period will not be extended beyond this date. See section 5.5 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.</p>
Can the Offer Period be extended?	<p>Yes. While the Offers are subject to the Offer Conditions, NGF may extend the Offer Period at any time before giving the Notice of Status of Conditions and otherwise only in limited circumstances. However, if the Offers are unconditional (that is all of the Offer Conditions are fulfilled or freed), NGF may extend the Offer Period at any time before the end of the Offer Period. In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period, NGF improves the consideration offered under the relevant Offer, or NGF's voting power in KMC increases to more than 50%. If this occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event.</p>
What are the conditions to the Offers?	<p>The Offers are subject to various conditions. In summary, the key outstanding conditions to the Share Offer, as at the date of this Target's Statement, are:</p> <ul style="list-style-type: none"> • NGF acquiring a relevant interest in at least 90% of all the KMC Shares on issue; • The Option Offer becoming unconditional; • NGF obtaining FIRB Approval; • there is no action by a Public Authority that adversely affects the Takeover Bids; • NGF receives all approvals which are required by PRC law to permit the Offers, and acquisition of the KMC Shares and KMC Options contemplated by the Takeover Bids; • there is no KMC Material Adverse

Question	Answer
	<p>Change;</p> <ul style="list-style-type: none"> • there are no material acquisitions, disposals or new commitments by KMC; • no person having change of control rights; • no dividends are declared by KMC; and • there is no prescribed occurrence of the type set out in paragraph (j) of Annexure A to this Target's Statement. <p>The Option Offer is also subject to various conditions, which include but are not limited to NGF obtaining a minimum relevant interest of 90% in the KMC Listed Options.</p> <p>Unless all of the Offer Conditions are freed or fulfilled, in relation to the respective Offers the Offers will not proceed. See section 5.2 of this Target's Statement for further details.</p>
<p>What happens if the conditions of the Offers are not satisfied or waived?</p>	<p>If the conditions are not fulfilled or freed (that is, if any of the Offer Conditions are not satisfied or waived) before the Offers close the Offers will lapse. You would then be free to deal with KMC Securities even if you had accepted one of the Offers.</p>
<p>Can NGF withdraw the Offers?</p>	<p>NGF may not withdraw an Offer if you have already accepted it. Before you accept an Offer, NGF may withdraw the Offers with the written consent of ASIC and subject to conditions (if any) specified in such consent.</p>
<p>When will I be sent my consideration if I accept an Offer?</p>	<p>In the usual case, you will be issued your consideration on or before the earlier of:</p> <ul style="list-style-type: none"> • the day that is one month after the date of your acceptance or, if at the time of your acceptance the relevant Offer is subject to an Offer Condition, one month after the relevant Offer becomes, or is declared, unconditional; and • the day that is 21 days after the end of the Offer Period. <p>Full details of when you will be issued</p>

Question	Answer
	<p>consideration are set out in section 13.11 of the Bidder's Statement.</p> <p>See section 5.9 of this Target's Statement for further details on when you will be sent your consideration.</p>
<p>What are the tax implications of accepting the Offers?</p>	<p>A general outline of the tax implications of accepting the Offers is set out in section 10 of the Bidder's Statement.</p> <p>If you are an Australian resident for taxation purposes and you would otherwise realise a capital gain on the disposal of your KMC Shares in return for NGF Shares under the Share Offer, you should generally be able to obtain CGT scrip-for-scrip roll-over relief. As the outline is a general outline only, KMC Securityholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.</p>
<p>What happens if NGF improves the consideration under its Offers?</p>	<p>If NGF improves the consideration offered under its Offers, all KMC Shareholders who have accepted the relevant Offer will be entitled to the benefit of that improved consideration (whether they accepted the relevant Offer before or after the consideration is improved).</p>

Question	Answer
<p>Can I participate in the Share Offer in respect of my KMC Options?</p>	<p>NGF is making a simultaneous off-market takeover offer for all KMC Shares and all KMC Listed Options.</p> <p>NGF will also separately offer to acquire (or cause the cancellation of) all of the KMC Unlisted Options (and will be required to make an offer to acquire any KMC Unlisted Options on issue should NGF acquire a Relevant Interest in 100% of the KMC Shares under the Share Offer, in accordance with Chapter 6A of the Corporations Act).</p> <p>The Share Offer extends to KMC Shares that come into existence during the Offer Period, including KMC Shares issued on the exercise of KMC Options. Therefore you can either accept the Option Offer (if you hold KMC Listed Options), enter into an option cancellation deed with NGF (if you hold KMC Unlisted Options) or exercise your KMC Options and accept the Share Offer.</p>
<p>Do I have to pay any fees?</p>	<p>You will not pay stamp duty on the disposal of your KMC Securities if you accept the Offers.</p> <p>If your KMC Securities are registered in an Issuer Sponsored Holding in your name and you deliver them directly to NGF, you will not incur any brokerage in connection with your acceptance of the Offers.</p> <p>If your KMC Securities are registered in a CHESS Holding, or if you are a beneficial owner whose KMC Securities are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your stockbroker) or the relevant nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offers.</p>
<p>Is there a number that I can call if I have further queries in relation to the Offers?</p>	<p>If you have any further queries in relation to the Offers, you can call the Company on +61 8 9444 6005 between 9:00am and 5:00pm (Perth time) Monday to Friday.</p>

2. WHY YOU SHOULD ACCEPT THE OFFERS

In summary, the key reasons why the KMC Directors have recommended KMC Shareholders accept the Offers, in the absence of a Superior Proposal, are:

1. The Share Offer Consideration represents a significant premium to recent trading prices of KMC Shares.
 2. KMC Securityholders will have the opportunity to participate in a larger, well funded company.
 3. KMC Securityholders should benefit from synergies of the Merged Group.
 4. KMC Securityholders will be exposed to risks in not accepting the Offers.
 5. No Superior Proposal for KMC has emerged.
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2.1 Introduction

The consideration being offered by NGF under the Share Offer is 0.054 NGF Shares and 0.054 NGF Options for each KMC Share. Additionally, NGF is offering 0.024 NGF Options for each KMC Listed Option under the Option Offer. The Offers are subject to a number of conditions. Those conditions under the Offers are summarised in section 5.2 of this Target's Statement.

The KMC Board has carefully considered the Offers and unanimously recommends that KMC Securityholders accept the Offers promptly to ensure their acceptance of the Offers is received before 7:00pm (AEST) on 7 August 2013, in the absence of a Superior Proposal. All KMC Directors intend to accept the Offers in respect of the KMC Shares and KMC Listed Options that they own or control, in the absence of a Superior Proposal. The KMC Directors' reasons for their recommendation are set out below.

2.2 The Share Offer Consideration represents a significant premium to recent trading prices of KMC Shares

The consideration to be received by KMC Shareholders who accept the Share Offer represents a significant premium to the levels that KMC's Shares traded prior to the announcement of the Offers.

Based on the 90 day VWAP of NGF Shares calculated over the 90 day period prior to 15 April 2013 (being \$0.18 per NGF Share) and NGF's valuation of the NGF Options (being \$0.0316 per NGF Option based on customary market accepted valuation methodology), the Share Offer Consideration represents a premium of 55% to \$0.0074 (being the VWAP of KMC Shares for the three months up to and including 15 April 2013).

2.3 KMC Securityholders will have the opportunity to participate in a larger, well funded company

NGF is an Australian ASX listed company operating multiple gold mines in the Kalgoorlie region of Western Australia. Upon successful completion of the Offers, the Merged Group will deliver greater production, cost efficiency and exploration upside for both companies and their respective securityholders.

(a) Continuing participation in NGF growth

If the Offers are successful, KMC Securityholders will retain exposure to the quality assets, operations and growth prospects of KMC and will also benefit from any synergies between KMC and NGF. KMC Securityholders will also become exposed to NGF's existing assets which are contiguous with the existing assets of KMC.

KMC's Bullant Gold Project is in close proximity to NGF's existing underground operations at Mt Pleasant providing future exploration and development potential.

(b) Financial, developmental and operational strength

The Merged Group will have a materially stronger balance sheet with a pro-forma cash and marketable securities position of \$20,700,000 (versus \$1,700,000 for KMC standalone) as at 31 December 2012.

The Merged Group's enlarged size and strong balance sheet should improve access to ongoing debt and equity funding at a lower cost

than KMC could achieve on a stand-alone basis. The Merged Group will also have the flexibility to allocate more funds and resources to advance KMC's projects and pursue further growth opportunities.

(c) **Diversified exposure**

KMC Securityholders who accept the Offers will gain exposure to NGF's substantial portfolio of mining assets and the growth prospects of the Merged Group.

2.4 KMC Securityholders should benefit from synergies of the Merged Group

If the Merger is successful, KMC Securityholders benefit from any synergies between KMC and NGF, which are realised as a result of the Merged Group. In particular, the combination of KMC and NGF's existing quality assets and NGF's execution expertise may result in upside that would not be attainable by KMC on a stand-alone basis.

The Merger of Norton and KMC will combine the assets, reserves and operations of two capable and quality companies that should enable the Merged Group to grow and consolidate its position as a substantial gold producer in Western Australia.

The Merger will provide an opportunity for KMC Securityholders to participate in the benefits expected from a larger and more diversified portfolio of assets and a substantial exploration program and development profile, while retaining exposure to KMC's existing asset base. The Merger will also provide an opportunity for KMC Securityholders to participate in the benefits expected from a broader platform for growth that will enable the pursuit of business development opportunities not currently available to KMC alone.

The Merger provides an opportunity to realise cost saving benefits through a reduction in corporate overhead and administrative costs, as well as other synergies that may be derived from the proximity of the Bullant Gold Project to Norton's existing processing facilities (for example, by the inclusion of higher grade ore from Bullant underground to the Paddington Mill).

The Merger provides an opportunity to realise cost saving benefits through a reduction in corporate overhead and administrative costs, as well as other synergies that may be derived from the proximity of the Bullant Gold Project to Norton's existing processing facilities.

2.5 KMC Securityholders will be exposed to risks in not accepting the Offers

If NGF does not acquire all of the KMC Shares, and no Superior Proposal is received by KMC, your KMC Directors believe that KMC's share price may fall to levels significantly below the Share Offer Consideration.

The Offers are subject to the Offer Conditions, including the Minimum Acceptance Condition, and NGF has indicated that if it acquires a Relevant Interest in at least 90% of the KMC Shares and 90% of the KMC Listed Options by the end of the Offer Period, it intends to proceed with compulsory acquisition of the outstanding KMC Shares and KMC Listed Options in accordance with section 661B of the Corporations Act and replace each of the members on KMC's Board with its own nominees.

In addition, NGF may arrange for KMC to be removed from the official list of ASX. Under ASX Listing Rules, a listed company must maintain a spread of share

holdings which, in ASX's opinion, is sufficient to ensure there is an orderly and liquid market in securities. ASX may suspend and de-list a company that does not meet its spread requirements. It is possible that, whether or not NGF intends for KMC to be de-listed, ASX may de-list KMC if NGF acquires 90% or more of the KMC Shares.

NGF has indicated that it does not currently intend to waive the Minimum Acceptance Condition in respect of the Offers (but reserves the right to do so). This means that if the Minimum Acceptance Condition is waived in respect of the Offers, there is a risk that, if you do not accept the Offers by the end of the Offer Period (and the other Offer Conditions are satisfied or waived), you may end up being a minority KMC Securityholder. This will have a number of possible implications, including:

- (a) NGF may be in a position to cast the majority of votes at a general meeting of KMC. This will enable it to control the composition of the KMC Board and senior management, determine KMC's dividend policy and control the strategic direction of the businesses of KMC and its Subsidiaries;
- (b) the liquidity of KMC Shares may be lower than at present;
- (c) there may be limited institutional support for KMC Shares;
- (d) if the number of KMC Securityholders is less than that required by the Listing Rules to maintain an ASX listing, then ASX may suspend and/or de-list KMC. If this occurs, any remaining KMC Securityholders will not be able to sell their KMC Securities on market;
- (e) if NGF acquires 75% or more of the KMC Shares, NGF will be able to pass a special resolution of KMC. This will enable NGF to, among other things, change KMC's constitution;
- (f) if NGF acquires a majority of the KMC Shares, KMC Directors believe it is unlikely a subsequent takeover bid for KMC will emerge at a later date from a Third Party.

KMC Securityholders should take these possible implications into account in considering whether to accept the Offers.

KMC Directors recommend that KMC Securityholders should accept the Offers promptly to ensure their acceptance is received before 7:00pm (AEST) on 7 August 2013, in the absence of a Superior Proposal.

2.6 No Superior Proposal for KMC has emerged

KMC Directors consider the Offers to be the best proposal available to KMC Securityholders and unanimously recommend that KMC Securityholders accept the Offers, in the absence of a Superior Proposal.

As at the last Business Day prior to the date of this Target's Statement, no Competing Proposal or Superior Proposal had been received by the KMC Board.

3. DIRECTORS' RECOMMENDATION

3.1 Summary of Offers

The consideration being offered by NGF under the Share Offer is 0.054 NGF Shares and 0.054 NGF Options for each KMC Share. Additionally, NGF is offering 0.024 NGF Options for each KMC Listed Option under the Option Offer. The Offers are subject to a number of Offer Conditions. Those Offer Conditions are summarised in section 5.2 of this Target's Statement.

3.2 Directors' recommendations

After taking into account each of the matters in this Target's Statement and in the Bidder's Statement, each KMC Director recommends that you accept the Offers (in the absence of a Superior Proposal).

The KMC Directors' reasons for their recommendation are set out in section 2 of this Target's statement.

In considering whether to accept the Offers, the KMC Directors encourage you to:

- (a) read the whole of this Target's Statement and the Bidder's Statement;
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- (c) consider the choices available to you as outlined in section 4.10 of this Target's Statement;
- (d) carefully consider section 4.12 of this Target's Statement;
- (e) carefully consider section 2.5 of this Target's Statement;
- (f) obtain financial advice from your broker or financial adviser upon the Offers and obtain taxation advice on the effect of accepting the Offers.

3.3 Intentions of the KMC Directors in relation to the Offers

Each KMC Director has advised that they intend to accept the Offers in respect of any KMC Shares and KMC Listed Options that they own or control, in the absence of a Superior Proposal.

Details of the previously announced direct and indirect holdings of each KMC Director in KMC Shares and KMC Listed Options are set out in section 7.1 of this Target's Statement.

3.4 No brokerage payable

KMC Securityholders will not be required to pay brokerage or any other costs in relation to the sale of their KMC Securities under the Offers. However, if your KMC Securities are registered in a CHESS Holding, or if you are the beneficial owner whose KMC Securities are registered in the name of a broker, bank, custodian or other nominee, you should ask your controlling participant (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offers.

4. IMPORTANT MATTERS FOR KMC SECURITYHOLDERS TO CONSIDER

4.1 NGF's Offers

NGF announced its intention to make the Takeover Bids for KMC on 17 April 2013. A summary of the Offers is contained in section 5 of this Target's Statement.

NGF's Offers are open for acceptance until 7:00pm (AEST) on 7 August 2013, unless they are extended or withdrawn (sections 5.5 and 5.6 of this Target's Statement describe the circumstances in which NGF can extend or withdraw the Offers).

4.2 Information about NGF and the NGF Group

Norton Gold Fields Limited is one of Australia's largest domestic gold producers, with annual production of more than 150,000 ounces. Norton has a mining and processing complex in Western Australia's world class Kalgoorlie gold region, which includes a highly prospective tenement package of 678km surrounding the Paddington Mill.

NGF's Paddington Operations currently have a mine life in excess of ten years, with considerable exploration upside from more than 80 known prospects across its tenement package.

In August 2012, Norton's major shareholder, and China's largest gold producer, Zijin Mining Group Co Ltd, increased its stake in NGF to 89% following a recommended takeover offer to shareholders.

Section 5 of the Bidder's Statement contains further information regarding NGF.

4.3 Value of NGF's Offers

Based on the VWAP of NGF Shares calculated over the 90 day period prior to 15 April 2013 (being \$0.18 per NGF Share) and NGF's valuation of the NGF Options based on customary market accepted valuation methodology (being \$0.0316 per NGF Option), the Share Offer Consideration represents a premium of 55% to \$0.0074 (being the VWAP of KMC Shares for the three months up to and including 15 April 2013). For further information on the value of the Offers, see section 2 of this Target's Statement.

4.4 Minority ownership consequences

NGF's Offers are presently each subject to a Minimum Acceptance Condition. NGF has the right to free each relevant Offer from its Minimum Acceptance Condition. If NGF waives the Minimum Acceptance Condition in respect of the Share Offer and acquires more than 50% but less than 90% of the KMC Shares then, assuming all other Offer Conditions under the Share Offer are fulfilled or freed, NGF will acquire a majority shareholding in KMC.

Accordingly, KMC Securityholders who do not accept the relevant Offer may become minority securityholders in KMC. This has a number of possible implications, including:

- (a) NGF may be in a position to cast the majority of votes at a general meeting of KMC. This will enable it to control the composition of the Board and senior management, determine KMC's dividend policy and control the strategic direction of the businesses of KMC and its Subsidiaries;

- (b) the liquidity of KMC Shares may be lower than at present;
- (c) there may be limited institutional support for KMC Shares;
- (d) if the number of KMC 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 KMC. If this occurs, any remaining KMC Shareholders will not be able to sell their KMC Shares on market;
- (e) if the number of KMC Securityholders is less than that required by the ASX Listing Rules to maintain an ASX listing then NGF may seek to have KMC removed from the official list of the ASX. If this occurs, KMC Securities will not be able to be bought or sold on the ASX;
- (f) if NGF acquires 75% or more of the KMC Shares, NGF will be able to pass a special resolution of KMC. This will enable NGF to, among other things, change KMC's constitution;
- (g) if NGF acquires a majority of the KMC Shares on issue, KMC's Directors believe it is unlikely that a subsequent takeover bid for KMC will emerge at a later date from a Third Party.

NGF does not currently intend to waive the Minimum Acceptance Condition in respect of the Offers (but reserves the right to do so). See section 7.3 of the Bidder's Statement for further details of NGF's intentions if it acquires more than 50% but less than 90% of the KMC Shares under the Share Offer.

4.5 Dividend issues for KMC Shareholders

KMC has never paid a dividend and the Board does not expect this to change in the short to medium term.

4.6 No Superior Proposal for KMC

The Board is not aware of any alternatives to the Offers in order to maximise value for KMC Securityholders.

At this stage, the Board is not in a position to provide KMC Securityholders with information in relation to the probability of an alternative transaction arising but will keep KMC Securityholders informed of any material developments.

4.7 KMC Security price absent the Offers

While there are many factors that influence the market price of KMC Securities, KMC Directors anticipate that, following the close of the Offers, the market price of KMC Securities may fall if NGF's Offers fail or if the takeovers are otherwise unsuccessful.

4.8 Taxation consequences

The taxation consequences of accepting the Offers depend on a number of factors and will vary depending on your particular circumstances. If you are an Australian resident for taxation purposes and you would otherwise realise a capital gain on the disposal of your KMC Shares in return for NGF Shares under the Share Offer, you should generally be able to obtain CGT scrip-for-scrip roll-over relief. A general outline of the Australian taxation considerations of accepting the Offers are set out in section 10 of the Bidder's Statement.

You should carefully read and consider the taxation consequences of accepting the Offers. The outline provided in the Bidder's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

4.9 Treatment of Foreign Securityholders

If you are a Foreign Securityholder and accept an Offer you will not be entitled to receive Norton Shares or Norton Options in exchange for your KMC Shares or KMC Listed Options. As set out in section 13.11 of the Bidder's Statement, a nominee will arrange for the NGF Shares and NGF Options that are exchanged for your KMC Shares or KMC Listed Options to be sold. You will receive the proceeds of sale (less brokerage and sale expenses) of the NGF Shares and NGF Options calculated in accordance with the formula in section 13.11 of the Bidder's Statement.

Should ASIC grant the relief requested by NGF (as referred to in section 8.10(b) below), NGF will issue cash to Foreign Securityholders in lieu of NGF Options, in accordance with the terms of the ASIC relief.

See section 13.11 of the Bidder's Statement for further details.

4.10 Choices as a KMC Securityholder

KMC Directors unanimously recommend that you accept the Offers (in the absence of a Superior Proposal).

As a KMC Securityholder you have the following choices currently available to you:

(a) Accept the Offers applicable to you

KMC Securityholders may elect to accept the Offers applicable to them. Details of the consideration that will be received by KMC Securityholders who accept an Offer is set out in section 5.1 of this Target's Statement and in the Bidder's Statement.

The Bidder's Statement contains details of how to accept the Offers in section 13.7 of the Bidder's Statement.

(b) Sell your KMC Shares or KMC Listed Options on ASX (only if you have not already accepted the Offers);

During a takeover, securityholders of a target company who have not already accepted the bidder's offer may still sell these securities on market for cash.

On 23 May 2013, the day prior to the date on which this Target's Statement was lodged with ASIC, KMC's share price was \$0.005, being a discount to the implied value of the Share Offer Consideration using market prices at that date. The latest price for KMC's Shares may be obtained from the ASX website, <http://www.asx.com.au/>.

KMC Securityholders who sell their KMC Shares on market may be liable for CGT on the sale (see section 10 of the Bidder's Statement) and may incur a brokerage charge.

KMC Securityholders who wish to sell their KMC Shares or KMC Listed Options on market should contact their broker for further information on how to effect that sale.

- (c) **In the case of KMC Listed Options, exercise your KMC Listed Options and accept the Share Offer in respect of the resultant KMC Shares or sell those KMC Shares on market through ASX**

In the case of KMC Listed Options, KMC Listed Optionholders may exercise their KMC Listed Options and accept the Share Offer in respect of the resultant KMC Shares or sell those KMC Shares on market through ASX.

All KMC's Listed Options currently on issue are out of the money. Accordingly, this choice may not be suitable to holders of KMC Listed Options.

- (d) **Do nothing**

KMC Securityholders who do not wish to accept an Offer should do nothing.

If you do not accept a relevant Offer, you will remain a KMC Securityholder. If NGF acquires more than 90% of KMC Shares or 90% of KMC Listed Options (as the case may be) and the other conditions of the Offers are either satisfied or waived, NGF intends to proceed to compulsorily acquire your KMC Shares and KMC Listed Options which NGF is entitled to compulsorily acquire in accordance with the Corporations Act. In that case, you will not be paid the relevant consideration for your KMC Shares or KMC Listed Options until the end of the compulsory acquisition process.

If NGF acquires more than 50% but less than 90% of the KMC Shares then, assuming all other Offer Conditions under the Share Offer are fulfilled or freed, NGF will acquire a majority shareholding in KMC. In these circumstances, Shareholders who do not accept the Share Offer will become minority Shareholders in KMC. The potential implications of becoming a minority Shareholder in KMC are discussed in section 4.4 of this Target's Statement.

NGF does not currently intend to waive the Minimum Acceptance Condition under each Offer (but reserves the right to do so). See section 7.3 of the Bidder's Statement for further details of NGF's intentions if it acquires more than 50% but less than 90% of the KMC Shares under the Share Offer.

4.11 KMC employees and holders of KMC Unlisted Options

If you are a KMC employee and are a participant in KMC's Incentive Option Scheme, please refer to section 8.7 of this Target's Statement for information regarding the effect of the Takeover Bids on your interest in KMC Shares and KMC Options.

In addition to the Offers, NGF will also separately offer to acquire (or cause the cancellation of) all of the KMC Unlisted Options (and will be required to make an offer to acquire any KMC Unlisted Options on issue should NGF acquire a Relevant Interest in 100% of the KMC Shares under the Share Offer, in accordance with Chapter 6A of the Corporations Act).

4.12 Risk factors

(a) Introduction

In considering this Target's Statement, KMC Securityholders should be aware that there are a number of risks, general and specific, which may affect the future operating and financial performance of KMC and the value of KMC Securities. Many of these risks are relevant to KMC Securityholders today and will be relevant to KMC Securityholders who remain as KMC Securityholders following the completion of the Takeover Bids.

Many of these risks are outside the control of KMC and the KMC Board. There can be no certainty that KMC will achieve its stated objectives or that any forward looking statements will eventuate.

Additional risks and uncertainties not currently known to KMC may have a material adverse effect on KMC's business and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks that may affect KMC.

KMC Securityholders should read this Target's Statement in its entirety and carefully consider the following risk factors in deciding whether to accept a relevant Offer.

(b) Share Price

There is a risk that the KMC Share price may fall if the Share Offer is unsuccessful.

(c) Processing of Ore

KMC has an ore processing agreement that allows for treatment of ore from the Bullant Mine through the nearby Paddington Processing Plant, which is owned by NGF. If, for whatever reason, this agreement is terminated prior to the completion of the ore mining program then other processing arrangements would have to be sought from another provider in the region, the likelihood of which cannot be guaranteed.

(d) Future Funding Risk

There may be a need for funds in the future as a result of factors which are out of the control of KMC, the KMC Directors, employees and advisors. KMC may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements, asset sales or other means. Failure to obtain sufficient financing for KMC's activities and future projects may result in delay and indefinite postponement of exploration, development or production on KMC's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to KMC and might involve substantial dilution to KMC Shareholders.

(e) Care, Maintenance and Project Exploration

KMC's Bullant Gold Project is on active care and maintenance. KMC had planned to commence mining of ore from the Bullant Mine. The proposed mine development costs and exploration expenditure of KMC

is based on certain assumptions with respect to known historical positions and costs and also the method and timing of mine development and exploration activities. By their nature, these positions and assumptions are subject to inherent uncertainty and, accordingly, actual costs may differ from the estimates and assumptions. No assurance can be given that the cost estimates for moving the Bullant Gold Project from care and maintenance into development and mining will be realised.

(f) **Operating and Capital Costs and KMC Plans**

Operating costs of mining at the Bullant Gold Project are estimated based on the interpretation of geological data, studies, anticipated climatic conditions and other factors. Any of the following events, among the other events and uncertainties described in this Target's Statement, could affect the ultimate accuracy of such estimates and result in an increase in actual operating costs incurred:

- (i) unanticipated changes in grade and tonnage of ore to be mined and processed;
- (ii) contractual issues in relation to the treatment of the mined ore;
- (iii) contract outcomes associated with the appointment of an underground mining contractor and terms and conditions applying to the mining contract;
- (iv) incorrect data on which assumptions are made;
- (v) equipment delays and breakdowns;
- (vi) labour negotiations;
- (vii) changes in government regulation (including regulations regarding prices, costs of consumables, royalties, duties, taxes, permitting and restrictions on production and exploration); and
- (viii) title claims.

The Bullant Gold Project is currently on active care and maintenance with KMC's objective to commence mining in the future. When in operation any material increase in the operating cost of the operation or reduction in the gold price may adversely impact the cash flows of KMC.

The mine plan is currently the subject of a tender process with third party contractors who have been short-listed following submissions of final pricing on the execution of the works. The successful conclusion of this tender process and execution of contract documentation may not occur if final tender negotiations do not meet the expectations of KMC in relation to final pricing and other conditions of contract, including gold price and foreign exchange.

Estimates of costs have been made for the purposes of defining the cost to reopen and mine at the Bullant Mine. Any material increase in the cost of mining or the reduction in the gold price may adversely impact the cash flows of KMC. This may result in a revision to KMC's proposed production and operational plans. In this regard, KMC may be required

to undertake a cost management plan which may result in a scaled back production plan or reverting to exploration activities only. KMC must also ensure that it retains sufficient cash to repay creditors as and when required.

(g) **Fluctuations in Gold Price**

Changes in the market price of gold will affect the profitability of KMC's operations and its financial condition. KMC's revenues, profitability and viability depends upon the price KMC receives for the gold it produces. The price of gold is set in the world market and is affected by numerous industry factors beyond KMC's control, including the demand for precious metals, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for jewellery and industrial products containing metals, gold production levels, inventories, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and producers of gold in response to any of the above factors, and global and regional political and economic factors.

A decline in the price of gold below KMC's anticipated production costs for any period would have a material adverse impact on the profit, cash flow and results of operations of KMC's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of KMC to finance the exploration and development of its existing and future projects. A decline in the price of gold may also require KMC to write-down its ore reserves which could have a material adverse effect on the value of KMC's securities. Further, if revenue from gold sales declines, KMC may experience liquidity difficulties. KMC will also have to assess the economic impact of any sustained lower gold prices on cut-off grades and its mineral reserves and resources.

(h) **Exploration Risk**

The Bullant Gold Project is currently on active care and maintenance but may become operational in the near future. KMC Securityholders should understand that mineral exploration, development and production are high-risk undertakings.

Mineral exploration is a highly speculative venture. Whilst there exists at the Bullant Gold Project geological structures mineralised with significant gold occurrences, there is no guarantee that future exploration, targeted or otherwise, will successfully delineate extensions to the existing gold resources.

There can be no assurance that exploration will result in the discovery of economic ore. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. There is also no guarantee that production that is planned will be economically viable in the future.

The future exploration activities of KMC will be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental incidents, native title process, changing government regulations and many other factors beyond the control of KMC.

The success of KMC will also depend upon KMC having access to sufficient development capital, being able to maintain title to its Tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Tenements and possible relinquishment of the Tenements.

The exploration and mining costs of KMC are based on certain assumptions with respect to the mining methodology and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect KMC's viability.

(i) **Development Risk**

The Bullant Gold Project is currently on active care and maintenance with KMC's objective to commence mining in the near future. Continued future development of a mining operation on the Bullant Gold Project or possible future development of the other projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, preventing mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

KMC's mining operations (or potential operations) may be disrupted by a variety of risks and hazards which are difficult to mitigate out of existence, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. No assurance can be given that KMC will achieve commercial viability through the development or mining of its projects.

There are several risks relating to the mineral industry that KMC may be exposed to if the Bullant Gold Project becomes operational in the future. These include:

- (i) **(Personnel):** specialised labour and skills are required by the mining process. The ability to source, apply and retain this labour at the Bullant Gold Project is critical to the completion of KMC's stated goals;
- (ii) **(Recovery):** gold recovery from processed ore has been estimated based upon historical behaviour of the Bullant ore and the known orebody mineralogy. Changes in ore mineralogy, mining methodology and performance of the ore processing circuit may adversely impact the project economics if gold recovery is lower as a result;

- (iii) **(Estimation):** any future gold resources, whether existing or targeted, may not necessarily be converted to ore reserves if, by mining engineering practices and required mining assumptions, the fully diluted design shapes do not deliver a high enough gold grade ore to ensure payback of required mine development, capital costs and a profit margin;
- (iv) **(Other Development Risks):** tenement access risk, risk of environmental hazard and KMC may not be able to secure all environmental or other regulatory approvals required for its business or operations, risks relating to the metallurgical process and changes in mineralogy and risks that KMC may be affected by native title and access claims in relation to its Tenements.

(j) **Insurance Risk**

KMC currently maintains insurance coverage as determined appropriate by the KMC Board and management, but no assurance can be given that KMC will continue to be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all claims.

(k) **Commodity Price and Exchange Rate Fluctuations**

If KMC successfully achieves mineral production, the revenue it will derive exposes the potential income of KMC to gold price and exchange rate risks. Gold prices fluctuate and are affected by many factors beyond the control of KMC. Such factors include supply and demand fluctuations for precious metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of KMC are and will be taken into account in Australian currency, exposing KMC to the fluctuations and volatility of the rate of exchange between the United States dollar and Australian dollar as determined in international markets.

(l) **Rising Energy and Commodity Costs**

KMC has diesel and electricity requirements and it relies on being able to fulfil those requirements at a cost which does not negatively impact on its cash flows. A number of factors (particularly the strength of the US dollar) may lead to an increase in diesel and electricity costs, which may materially and adversely affect the earnings of KMC.

(m) **Market Conditions**

Share market conditions may affect the value of KMC's quoted securities regardless of KMC's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;

- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither KMC nor the KMC Directors warrant the future performance of KMC or any return on an investment in KMC.

(n) **Dividends**

Any future determination as to the payment of dividends by KMC would be at the discretion of the KMC Directors and would depend on the financial condition of KMC, future capital requirements and general business and other factors considered relevant by the KMC Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by KMC.

(o) **Risks in relation to Merged Group**

See section 9, particularly section 9.4(g) of the Bidder's Statement for details of risks in relation to the Merged Group.

4.13 Other factors to consider - why you might not wish to accept the Offers

The KMC Directors consider that KMC Securityholders should be aware of the following factors in making their decision in relation to the Offers:

- (a) you may disagree with the KMC Directors, and believe that the Offers are not in the interests of KMC Securityholders;
- (b) your exposure to the risks and rewards associated with KMC's assets will be diluted if the Offers are successful;
- (c) taxes and government charges may become payable by NGF if it acquires a 90% interest in KMC's issued shares;
- (d) except under limited circumstances, if you accept an Offer, you will not be able to accept an alternative offer, should one emerge;
- (e) there is a possibility that international economic conditions will materially improve in the future. Any such improvement may have a positive impact on the demand for gold and the price that KMC would receive for gold production; and
- (f) you may consider that you will have the opportunity to dispose of your KMC Securities at a price in excess of the value of the Offer Consideration in the future.

Despite these factors, the KMC Directors unanimously recommend that you accept the Offers, and each Director of KMC intends to accept the Offers in respect of any KMC Shares and KMC Listed Options that they own or control, in the absence of a Superior Proposal.

The KMC Directors also encourage KMC Securityholders to carefully read the risk

factors in section 4.12 of this Target's Statement associated with retaining an investment in KMC and the potential effects on KMC's financing arrangements and material agreements in section 8.2 of this Target's Statement.

5. KEY FEATURES OF NGF'S OFFERS

5.1 Consideration payable to KMC Securityholders who accept the Offers

The consideration being offered by NGF under the Share Offer is 0.054 NGF Shares and 0.054 NGF Options for each KMC Share. Additionally, NGF is offering 0.024 NGF Options for each KMC Listed Option under the Option Offer.

5.2 Offer Conditions

NGF's Offers are subject to a number of Offer Conditions. The Offer Conditions are set out in full in sections 11.2 and 12.2 of the Bidder's Statement and Annexure A of this Target's Statement.

In summary, the outstanding Offer Conditions to the Share Offer, as at the date of this Target's Statement, are:

- (a) NGF acquiring a relevant interest in at least 90% of all the KMC Shares on issue;
- (b) the Option Offer becoming unconditional;
- (c) NGF obtaining FIRB Approval;
- (d) there is no action by a Public Authority that adversely affects the Takeover Bids;
- (e) NGF receives all approvals which are required by PRC law to permit the Offers, and acquisition of the KMC Shares and KMC Options contemplated by the Takeover Bids;
- (f) there is no KMC Material Adverse Change;
- (g) there are no material acquisitions, disposals or new commitments by KMC;
- (h) no person having any change of control rights;
- (i) no dividends are declared by KMC; and
- (j) there is no prescribed occurrence of the type set out in paragraph (j) of Annexure A to this Target's Statement.

In summary, the outstanding Offer Conditions to the Option Offer, as at the date of this Target's Statement, are:

- (a) NGF acquiring a relevant interest in at least 90% of all the KMC Listed Options on issue; and
- (b) The Share Offer becoming unconditional.

As at the date of this Target's Statement, KMC is not aware of any act, omission, event or fact that would result in the failure of any of the Offer Conditions.

Subject to the Corporations Act, NGF may declare the Offers to be free from any Offer Condition or to extend the Offers at any time.

5.3 Notice of Status of Conditions

Section 13.5 of the Bidder's Statement provides that NGF will give a Notice of Status of Conditions to the ASX and KMC on the date seven (7) days before the end of the Offer Period (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

NGF is required to set out in its Notice of Status of Conditions:

- (a) whether the relevant Offer is free of any or all of the Offer Conditions;
- (b) whether, so far as NGF knows, any of the Offer Conditions have been fulfilled; and
- (c) NGF's voting power in KMC.

If the Offer Period for a relevant Offer is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period in relation to such Offer. In the event of such an extension, NGF is required, as soon as practicable after the extension, to give a notice to the ASX and KMC that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that an Offer becomes free of that condition) during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given for an Offer, NGF must, as soon as practicable, give the ASX and KMC a notice that states that the particular condition has been fulfilled.

5.4 Offer Period

Unless NGF's Offers are extended or withdrawn, the Offers will remain open for acceptance from 7 June 2013 until 7:00pm (AEST) on 7 August 2013.

The circumstances in which NGF may extend or withdraw the Offers are set out in section 5.5 and section 5.6 respectively of this Target's Statement.

5.5 Extension of the Offer Period

NGF may extend the Offer Period in relation to any Offer at any time before giving the Notice of Status of Conditions (referred to in section 5.3 in this Target's Statement) while an Offer is subject to conditions. However, if an Offer is unconditional (that is, all the Offer Conditions are fulfilled or freed in respect to the relevant Offer), NGF may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) NGF improves the consideration offered under an Offer; or
- (b) NGF's voting power in KMC increases to more than 50%.

If either of these two events occurs, the Offer Period for the relevant Offer is automatically extended so that it ends 14 days after the relevant event occurs.

5.6 Withdrawal of Offers

NGF may not withdraw an Offer if you have already accepted it. Before you accept an Offer, NGF may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

5.7 Effect of acceptance

The effect of acceptance of the Offers is set out in section 13.10 of the Bidder's Statement. KMC Securityholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the rights attaching to their KMC Securities and the representations and warranties which they give by accepting the Offers.

5.8 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offers.

You may only withdraw your acceptance of an Offer if NGF varies an Offer in a way that postpones, for more than one month, the time when NGF needs to meet its obligations under the relevant Offer. This will occur if NGF extends the Offer Period for the relevant Offer by more than one month and the relevant Offer is still subject to conditions. See section 9.4(k) of the Bidder's Statement for further details.

5.9 When you will receive your consideration if you accept the Offers

In the usual case, you will be issued your consideration on or before the later of:

- (a) one month after the date the relevant Offer becomes, or is declared, unconditional; and
- (b) one month after the date you accept the relevant Offer if the Offer is, at the time of acceptance, unconditional,

but, in any event (assuming the Offer becomes, or is declared, unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your consideration are set out in section 13.11 of the Bidder's Statement.

5.10 Effect of an improvement in consideration on KMC Securityholders who have already accepted the Offers

If NGF improves the consideration offered under an Offer, all KMC Securityholders, whether or not they have accepted the relevant Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

5.11 Lapse of Offers

An Offer will lapse if the Offer Conditions are not freed or fulfilled by the end of the Offer Period for the relevant Offer, in which case, all contracts resulting from acceptance of the relevant Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your KMC Shares as you see fit.

5.12 Compulsory acquisition

(a) Introduction

NGF has indicated in section 7.4 of its Bidder's Statement that, if it satisfies the required thresholds, it intends to compulsorily acquire any outstanding KMC Securities in accordance with the Corporations Act. Accordingly, KMC Securityholders should assume that, if NGF becomes entitled to exercise its right to compulsorily acquire any outstanding KMC Securities, NGF will exercise that right.

(b) **Compulsory acquisition within one month after the end of the Offer Period**

NGF will be entitled to compulsorily acquire any KMC Shares in respect of which it has not received an acceptance of its Offers on the same terms as the relevant Offer if, during or at the end of the Offer Period under the Share Offer:

- (i) NGF and its Related Bodies Corporate acquire Relevant Interests in at least 90% (by number) of the KMC Shares; and
- (ii) NGF and its Related Bodies Corporate have acquired at least 75% (by number) of the KMC Shares that NGF offered to acquire (excluding KMC Shares in which NGF or its Related Bodies Corporate had a Relevant Interest at the date of the Share Offer and also excluding KMC Shares issued to an Associate of NGF during the Offer Period).

If these thresholds are met and NGF wishes to exercise its right to compulsorily acquire any outstanding KMC Shares, NGF will have one month after the end of the Offer Period within which to give compulsory acquisition notices to KMC Shareholders who have not accepted the Share Offer. KMC Shareholders have certain rights under the Corporations Act to challenge a compulsory acquisition pursuant to the procedure outlined in the Corporations Act, but a successful challenge will require the relevant KMC Shareholder to establish to the satisfaction of a court that the terms of the Share Offer do not represent 'fair value' for their KMC Shares. If compulsory acquisition occurs, KMC Shareholders who have their KMC Shares compulsorily acquired are likely to be sent their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

NGF will be also entitled to compulsorily acquire any KMC Listed Options in respect of which it has not received an acceptance of its Option Offer on the same terms as the Option Offer if, during or at the end of the Offer Period:

- (i) NGF and its Related Bodies Corporate acquire Relevant Interests in at least 90% (by number) of the KMC Listed Options; and
- (ii) NGF and its Related Bodies Corporate have acquired at least 75% (by number) of the KMC Listed Options that NGF offered to acquire (excluding KMC Listed Options in which NGF or its Related Bodies Corporate had a Relevant Interest at the date of the Option Offer and also excluding KMC Listed Options issued to an associate of NGF during the Offer Period).

If these thresholds are met and NGF wishes to exercise its right to compulsorily acquire any outstanding KMC Listed Options, NGF will have one month after the end of the Offer Period within which to give compulsory acquisition notices to KMC Listed Optionholders who have not accepted the Option Offer. KMC Listed Optionholders have certain rights under the Corporations Act to challenge a compulsory acquisition pursuant to the procedure outlined in the Corporations Act, but a successful challenge will require the relevant KMC Listed Optionholders to establish to the satisfaction of a court that the terms of the Option Offer do not represent 'fair value' for their KMC Listed Options. If compulsory acquisition occurs, KMC Listed Optionholders who have their KMC Listed Options compulsorily acquired are likely to be sent their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

(c) **Alternative compulsory acquisition regime**

It is also possible that NGF will, at some time during or after the end of the Offer Period under the Share Offer, either alone or with a Related Body Corporate, hold full beneficial interests in at least 90% (by number) of all the KMC Shares. NGF would then have rights to compulsorily acquire all of the KMC Shares that it does not own within six months of becoming the holder of 90% (by number) of all the KMC Shares. The price which NGF would have to pay to compulsorily acquire all of the remaining KMC Shares under this alternative compulsory acquisition regime would have to be considered in a report of an independent expert.

KMC Shareholders would have certain rights under the Corporations Act to challenge a compulsory acquisition pursuant to the procedures outlined in the Corporations Act, but a challenge would require people who hold at least 10% of the KMC Shares that are proposed to be the subject of the compulsory acquisition to object to the compulsory acquisition. If people holding such number of KMC Shares object to the compulsory acquisition, and NGF still wishes to proceed with the compulsory acquisition, NGF would be required to establish to the satisfaction of a court that the terms of the compulsory acquisition represent 'fair value' for the KMC Shares. In the absence of a challenge by people holding the requisite number of KMC Shares, KMC Shareholders who have their KMC Shares compulsorily acquired under this procedure are likely to be sent their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

Further, it is also possible that NGF will, at some time during or after the end of the Offer Period for the Option Offer, either alone or with a Related Body Corporate, hold full beneficial interests in at least 90% (by number) of all the KMC Listed Options. NGF would then have rights to compulsorily acquire all of the KMC Listed Options that it does not own within six months of becoming the holder of 90% (by number) of all the KMC Listed Options. The price which NGF would have to pay to compulsorily acquire all of the remaining KMC Listed Options under this alternative compulsory acquisition regime would have to be considered in a report of an independent expert.

KMC Listed Optionholders would have certain rights under the Corporations Act to challenge a compulsory acquisition pursuant to the

procedures outlined in the Corporations Act, but a challenge would require people who hold at least 10% of the KMC Listed Options that are proposed to be the subject of the compulsory acquisition to object to the compulsory acquisition. If people holding such number of KMC Listed Options object to the compulsory acquisition, and NGF still wishes to proceed with the compulsory acquisition, NGF would be required to establish to the satisfaction of a court that the terms of the compulsory acquisition represent 'fair value' for the KMC Listed Options. In the absence of a challenge by people holding the requisite number of KMC Listed Options, KMC Listed Optionholders who have their KMC Listed Options compulsorily acquired under this procedure are likely to be sent their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

6. INFORMATION REGARDING KMC

6.1 Background information on KMC

KMC was incorporated as Lumacom Limited on 21 December 1999 and was formed with the aim of commercialising the LumaGraphics technology it acquired from Display Systems Advertising Pty Ltd. However, as a result of the global economic downturn in 2009, this business became unsustainable. Accordingly, KMC sought a change in nature and scale of its activities to a gold and nickel exploration company and acquired the Snowbird and Mid-Continent nickel and gold exploration projects in Canada and the United States of America respectively and was renamed US Nickel Limited.

KMC subsequently acquired the Bullant Gold Project in Western Australia in early 2011 and was renamed Kalgoorlie Mining Company Limited. KMC now operates in the United States of America, Canada and in Western Australia with its main focus being the Bullant Gold Project.

KMC's primary strategy is to take the Bullant Gold Project out of active care and maintenance and commence underground mining activity.

6.2 Directors of KMC

As at the date of this Target's Statement, the directors of KMC are:

Name	Position
Peter Cordin	Non-Executive Chairman
James Croser	Managing Director
Roger Kwok	Non-Executive Director

6.3 Publicly available information about KMC

KMC 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, KMC is subject to the ASX Listing Rules which require continuous disclosure of any information KMC has that a reasonable person would expect to have a material effect on the price or value of its securities.

Copies of all previous ASX announcements made by KMC are available on ASX's website.

6.4 Principal activities of KMC

KMC's key asset is the Bullant Gold Project, located 65 kilometres northwest of Kalgoorlie, Western Australia, and 28 kilometres west of NGF's 3.3Mtpa Paddington Operations (with a haulage distance of approximately 40 kilometres).

The Bullant Gold Project contains a total Mineral Resource of 431,200 ounces (3.57Mt @ 3.76g/t) and an Ore Reserve of 40,366 ounces (please see the Mineral Resource and Ore Reserve table below for full details of KMC's Mineral Resources and Ore Reserves.

BULLANT PROJECT AREA	Category	Tonnes	Au g/t	Ounces
BULLANT MINE				
Bullant Mine (Main Lode)	Measured	29,200	6.82	6,400
	Indicated	569,300	5.04	92,300
	Inferred	761,600	5.46	133,800
Bullant Mine (East Lode)	Measured	50,000	6.59	10,600
	Indicated	192,800	4.57	28,300
	Inferred	401,700	4.29	55,400
Bullant Mine (Cross Lode)	Measured	Nil	Nil	Nil
	Indicated	17,200	4.16	2,300
	Inferred	9,500	4.26	1,300
BULLANT MINE TOTAL	Measured	79,200	6.68	17,000
	Indicated	779,300	4.91	122,900
	Inferred	1,172,800	5.05	190,500
SUB-TOTAL		2,031,300	5.06	330,400
WATTLE BIRD OPEN PIT				
Wattle Bird	Measured	Nil	Nil	Nil
	Indicated	1,283,200	2.04	84,200
	Inferred	255,800	2.02	16,600
SUB-TOTAL		1,539,000	2.04	100,800
BULLANT GOLD PROJECT				
	Measured	79,200	6.68	17,000
	Indicated	2,062,500	3.12	207,100
	Inferred	1,428,600	4.51	207,100
TOTAL		3,570,300	3.76	431,200

Note: Bullant Mine figures are reported against a 3.0g/t cut off. Wattle Bird Open Pit figures are reported against a 1.0g/t cut off. Figures have been rounded; as a result minor errors may occur.

Location	Category	Tonnes (kt)	Grade (g/t)	Ounces (koz)
Bullant Underground	Probable	278,932	4.5	40,366

Note: Rounding conforming to JORC Code to appropriate levels of precision may cause minor computational errors.

6.5 Financial information and related matters

KMC's last published audited financial statements are for the financial year ended 30 June 2012 and were lodged with ASX on 30 October 2012.

Further details of KMC's operational, financial and exploration activities for the intervening periods are provided in KMC's quarterly and half year reports lodged with the ASX on:

- (a) 31 October 2012 (for the quarter ending 30 September 2012);
- (b) 31 January 2013 (for the quarter ending 31 December 2012); and
- (c) 14 March 2013 (for the half year ended 31 December 2012).

Copies of these reports may be obtained from KMC's website at .

So far as the KMC Directors are aware, other than as previously disclosed to ASX:

- (a) the financial position of KMC has not materially changed since the date of the half year report dated 14 March 2013 for the half year ending 31 December 2012 other than a reduced cash position in the normal course of operating its business; and
- (b) there has not been any matter or circumstances, other than those referred to in the half year report dated 14 March 2013 and this Target's Statement that has significantly affected, or may significantly affect the operations or the financial position of KMC, the results of operations of KMC, or the state of affairs of KMC in future financial years.

Please refer to section 5.6 of the Bidder's Statement for financial information about NGF and section 8 of the Bidder's Statement for financial information of the Merged Group.

6.6 Forecast financial information for the KMC Group

KMC has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. The KMC Directors have concluded that, as at the date of this Target's Statement, it would be misleading to provide forecast financial information for the KMC Group, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

The financial performance of the KMC Group in any period will be influenced by various factors that are outside the control of the KMC Directors and that cannot, at this time, be predicted with a high level of confidence. In particular, the financial performance of the KMC Group will be materially affected by:

- (a) prevailing exchange rates, especially between the A\$/US\$ exchange rates, which are subject to material change from time to time; and
- (b) the price of gold; and
- (c) costs related to exploration, mining and operating activities.

7. INFORMATION RELATING TO THE KMC DIRECTORS

7.1 Interests and dealings in KMC securities

(a) Interests in KMC securities

As at the date of this Target's Statement, the KMC Directors had the following Relevant Interests in KMC Shares and KMC Options:

Director	KMC Shares	KMC Options
Peter Cordin	Nil	Nil
James Croser	3,760,000	600,000 ¹
Roger Kwok	90,918,772	Nil

Notes:

¹ KMC Unlisted Options which are exercisable at \$0.25 on or before 17 May 2016

(b) Dealings in KMC Shares and Options

No KMC Director has acquired or disposed of a Relevant Interest in any KMC Shares or KMC Options in the 4 month period ending on the date immediately before the date of this Target's Statement.

7.2 Interests and dealings in NGF securities

(a) Interests in NGF Group securities

As at the date immediately before the date of this Target's Statement, no KMC Director had a Relevant Interest in any NGF Group securities.

(b) Dealings in NGF securities

No KMC Director has acquired or disposed of a Relevant Interest in any NGF Group securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

7.3 Benefits and agreements

(a) Benefits in connection with retirement from office

As a result of the Offers, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of KMC or related body corporate of KMC.

(b) Agreements connected with or conditional on the Offers

There are no agreements made between any KMC Director and any other person in connection with, or conditional upon, the outcome of the Offers other than in their capacity as a holder of KMC Shares or KMC Options.

(c) **Benefits from NGF Group**

KMC and NGF are currently in discussions regarding the provision by NGF of an unsecured loan facility to KMC. The loan facility will be capable of being drawn down on an as needed basis to cover KMC's care and maintenance, corporate, overhead and other costs. KMC anticipates that the loan facility will be entered into during the Offer Period and anticipates that KMC will be able to draw down up to \$750,000 under the facility, subject to final agreement of terms with NGF.

None of the KMC Directors have agreed to receive, or are entitled to receive, any benefit from any member of the NGF Group which is conditional on, or is related to, the Offers, other than in their capacity as a holder of KMC Shares or KMC Options.

(d) **Interests of directors in contracts with NGF**

None of the KMC Directors have any interest in any contract entered into by any member of the NGF Group, other than in their capacity as a holder of KMC Shares or KMC Options.

8. ADDITIONAL INFORMATION

8.1 Bid Implementation Deed

(a) The agreement

On 17 April 2013, KMC and NGF entered into a bid implementation deed (**BID**) in relation to the Takeover Bids. The key terms of the BID are summarised below.

(b) Exclusivity arrangements

The BID contains certain exclusivity arrangements in favour of NGF. Those exclusivity arrangements are set out in full in Appendix C to KMC's ASX announcement dated 17 April 2013 relating to the Takeover Bids.

In summary, KMC has granted the following exclusivity rights during the Exclusivity Period in favour of NGF:

(i) No shop restriction

KMC must ensure that neither it nor any of its representatives, directly or indirectly solicit, invite, initiate or encourage any Competing Proposal or any enquires, negotiations or discussions with any Third Party in relation to, or that may reasonably be expected to lead to a Competing Proposal, or communicate any intention to do any of those things. As at the date of execution of the BID, KMC represents and warrants that it is not in any discussions or negotiations and has ceased discussions or negotiations relating to any Competing Proposal with any Third Party.

(ii) No talk restriction

KMC must ensure that neither it nor any of its representatives, enters into, continues or participates in, negotiations or discussions with any Third Party regarding, or if to do so may reasonably be likely to lead to, a Competing Proposal, even if:

- (A) the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by KMC or any of its representatives; or
- (B) the Competing Proposal has been publicly announced,

unless the KMC Directors, acting in good faith and in order to satisfy what the KMC Directors reasonably consider to be their fiduciary or statutory duties determine that:

- (A) where there is a Competing Proposal, the Competing Proposal is, or could reasonably be expected to lead to a Superior Proposal; or
- (B) where there is not yet a Competing Proposal, the steps that the KMC Directors propose to take could reasonably be expected to lead to a Competing Proposal that is a Superior Proposal.

(iii) **No due diligence**

KMC and its representatives must not, make available to any Third Party or permit any Third Party to receive any non-public information relating to any entity within the KMC Group in connection with such Third Party formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal, unless all of the following requirements are satisfied:

- (A) the KMC Directors, acting in good faith and in order to satisfy what the KMC Directors reasonably consider to be their fiduciary or statutory duties, determine that:
 - (I) where there is a Competing Proposal, the Competing Proposal is, or could reasonably be expected to lead to, a Superior Proposal; or
 - (II) where there is not yet a Competing Proposal, the steps that the KMC Directors propose to take could reasonably be expected to lead to a Competing Proposal that is a Superior Proposal;
- (B) if KMC proposes to provide any confidential information to a Third Party, before KMC provides such information to the Third Party, the Third Party has entered into a written agreement in favour of KMC regarding the use and disclosure of the confidential information by the Third Party and that restricts the Third Party's ability to solicit the employees of KMC; and
- (C) to the extent that such information has not been previously provided to NGF, KMC provides that information to NGF at the same time as, or as soon as reasonably practicable after, it is provided to the Third Party.

(iv) **Notification right**

If KMC is approached to engage in an activity or take any other action of the kind referred to in section 8.1(b)(ii) of this Target's Statement or if KMC proposes to take any action of the kind referred to in section 8.1(b)(iii) of this Target's Statement, it must immediately inform NGF, unless (and only to the extent that) the KMC Directors, acting reasonably and in good faith determine that it would be a breach of their fiduciary or statutory duties to notify NGF.

(v) **Matching right**

If KMC receives a Competing Proposal, KMC is restricted for a period of 3 Business Days from entering into any agreement, arrangement or understanding (whether in writing or not) to undertake or to give effect to the Competing Proposal; or changing withdrawing or modifying their recommendation of the Takeover Bids in favour of the Competing Proposal or recommending the Competing Proposal. During this period,

NGF will have the right to offer a counter proposal (**NGF Counter Proposal**) that will provide a superior outcome for KMC Shareholders when compared to the Competing Proposal (**Superior NGF Counter Proposal**).

If NGF makes a Superior NGF Counter Proposal, then KMC and NGF must use their best endeavours to agree any amendments to the BID that are reasonably necessary to reflect the NGF Counter Proposal and the KMC Directors must recommend the Superior NGF Counter Proposal to KMC Shareholders and not the applicable Competing Proposal.

(c) **Break fee arrangements**

The BID includes a cost reimbursement arrangement under which KMC agrees to pay NGF a break fee of A\$130,000 (plus any GST) in certain circumstances. Those circumstances are set out in full in Appendix C to KMC's ASX announcement dated 17 April 2013.

(d) **Conduct of business**

KMC has agreed to conduct its business in the ordinary and usual course consistent with the manner in which the business was conducted before the date of execution of the BID, and neither it nor its Related Bodies Corporate may undertake certain actions without the consent of NGF.

(e) **Warranties**

The BID contains representations and warranties by KMC and NGF that are customary for an agreement of its nature, including general corporate warranties by both parties.

8.2 Effect of the takeover on KMC's financing and material agreements

To the best of each KMC Director's knowledge none of the material contracts or financing arrangements to which KMC is a party contains change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offers.

8.3 Material litigation

As far as the KMC Directors are aware, KMC is not involved in any ongoing litigation which is material in the context of KMC and its Related Bodies Corporate taken as a whole.

8.4 KMC's issued securities

As at the date of this Target's Statement, KMC's issued equity securities consisted of:

- (a) 1,301,312,253 KMC Shares on issue;
- (b) the following 96,705,477 KMC Options on issue being:

Expiry date	Option number
28 March 2016	900,000 (unlisted)

17 May 2016	1,800,000 (unlisted)
31 May 2014	94,005,477(listed)
Total	96,705,477

There are no other shares or other securities (including equity securities, debt securities or convertible securities) or options or performance rights or other instruments which are convertible into securities in KMC nor has it offered or agreed to issue any such shares, securities, options or performance rights or other instruments to any Third Party.

8.5 Substantial holders

As at the date of this Target's Statement, KMC is aware from notices filed with the ASX that the following persons have substantial holdings in KMC:

	Name of substantial holder	Number of KMC Shares held	% of total KMC Shares
1.	SHL Pty Ltd <S H Lee Family Trust> and CR Investments Pty Ltd ¹	576,105,934	44.27
2.	Peter Bowman Nominees Pty Ltd <Bowman Family A/C>	118,200,000	9.08%
3.	Roger Sing-Leong Kwok and Catherine Siok-Chin Tan <Kwok Family Account>	90,918,772	6.99%

Notes:

1. SHL Pty Ltd and CR Investments Pty Ltd are associates by virtue of the two entities having a common director. SHL Pty Ltd as trustee for the SH Lee Family Trust holds a total of 450,000,000 Shares and CR Investments Pty Ltd holds a total of 126,105,934 Shares.

8.6 Effect of Offers on KMC Options

The Share Offer extends to any new KMC Shares that are issued during the Offer Period as a result of the exercise of KMC Options. Accordingly, KMC Optionholders may elect to exercise their KMC Options before the expiry date of their KMC Options, pay the relevant exercise price to KMC and accept the Share Offer in respect of the KMC Shares issued following the exercise of their KMC Options.

NGF has also made an off-market takeover offer for all the KMC Listed Options under the Option Offer. Accordingly, KMC Listed Optionholders also have the opportunity to accept the Option Offer.

NGF will also separately offer to acquire (or cause the cancellation of) all of the KMC Unlisted Options (and will be required to make an offer to acquire any KMC Unlisted Options on issue should NGF acquire a Relevant Interest in 100% of the KMC Shares under the Share Offer, in accordance with Chapter 6A of the Corporations Act).

8.7 Effect of Offers on KMC's Incentive Option Scheme

KMC has adopted an Incentive Option Scheme. Pursuant to the terms of the Incentive Option Scheme, upon the occurrence of a "Trigger Event", the KMC Directors may determine, despite any other rule of the Incentive Option Scheme:

- (a) that the KMC Options issued under the Incentive Option Scheme may be exercised at any time from the date of such determination, and in any number until the date determined by the KMC Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event, provided that the KMC Directors will forthwith advise in writing each holder of such determination. Thereafter, the KMC Options shall lapse to the extent they have not been exercised; or
- (b) to use their reasonable endeavours to procure that an offer is made to holders of KMC Options on like terms (having regard to the nature and value of the KMC Options) to the terms proposed under the Trigger Event in which case the KMC Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the KMC Options shall immediately become exercisable and if not exercised within 10 days, will lapse.

The "**Trigger Event**" for the purposes of the rules of the Incentive Option Scheme includes:

- (a) the announcement of a takeover bid or receipt by KMC of a bidder's statement in respect of KMC; or
- (b) the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the KMC Option, to sufficient KMC Shares to give it or them the ability, in general meeting, to replace all or allow a majority of KMC's Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

Given that NGF has made the Option Offer and NGF will also separately offered to acquire (or cause the cancellation of) all of the KMC Unlisted Options (and will be required to make an offer to acquire any KMC Unlisted Options on issue should NGF acquire a Relevant Interest in 100% of the KMC Shares under the Share Offer, in accordance with Chapter 6A of the Corporations Act), the KMC Directors have decided not to make a determination under the terms of the Incentive Option Scheme as outlined above.

8.8 JORC Code reporting of KMC's exploration results and ore reserves and mineral resources

The information in this Target's Statement that relates to Exploration Results and Mineral Resources of KMC is based on information compiled by Mr Trevor Eddie, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Eddie is a full time employee of KMC. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves'. Mr Eddie consents to the inclusion in the Target's Statement of the matters based on his information in the form and context in which it appears.

The information in this Target's Statement, that relates to the Ore Reserves of KMC, is based on information compiled by Mr Denis Grubic, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Grubic is an independent consultant employed by Rock Team Pty Ltd. Mr Grubic has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Grubic consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

8.9 Consents

Steinepreis Paganin has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in the Target's Statement as KMC's Australian legal advisers in the form and context in which it is so named. Steinepreis Paganin has not advised on the laws of any foreign jurisdiction, and has not provided tax advice in relation to any jurisdiction. Steinepreis Paganin has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, and takes no responsibility for any part of this Target's Statement other than any reference to its name.

This Target's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Target's Statement. If you would like to receive a copy of any of these documents, or the relevant parts of the documents containing the statements (free of charge), during the Offer Period, please contact KMC on +61 8 9444 6005 between 9:00am and 5:00pm (Perth time) Monday to Friday.

As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

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

8.10 Regulatory and other approval, consent or waiver requirements

(a) FIRB Approval

The Share Offer is conditional on NGF, being a foreign person for the purposes of the FATA, receiving notice from, or on behalf of, the Australian Treasurer to the effect that there is no objection under the Commonwealth Government's foreign investment policy to the acquisition by NGF of the KMC Shares, and that notice is not subject to any condition or subject to conditions which are not materially detrimental to NGF.

(b) Modifications of Corporations Act

As set out in section 14.7(b) of the Bidder's Statement, NGF has applied to ASIC to request that they grant NGF relief to allow NGF to offer cash consideration to Foreign Securityholders, in lieu of the scrip

consideration that they would otherwise receive in respect of the NGF Options.

Should ASIC not grant the relief requested, NGF will issue the NGF Options to the nominee for sale, in accordance with section 619(3) of the Corporations Act.

(c) **ASX Listing Rule waivers and consents**

KMC has been granted a waiver of ASX Listing Rule 6.23.2 in respect of the proposed acquisition or cancellation of KMC Unlisted Options, subject to the Takeover Bids being declared unconditional and NGF acquiring voting power of at least 50.1% in the Company.

8.11 No other material information

This Target's Statement is required to include all the information that KMC Securityholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offers, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any director of KMC.

The KMC Directors are of the opinion that the information that KMC Securityholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offers is:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) the information contained in KMC's releases to the ASX, and in the documents lodged by KMC with ASIC before the date of this Target's Statement; and
- (c) the information contained in this Target's Statement.

The KMC Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the KMC Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the KMC Directors have had regard to:

- (a) the nature of the KMC Shares and KMC Listed Options;
- (b) the matters that shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to shareholders' professional advisers; and
- (d) the time available to KMC to prepare this Target's Statement.

9. GLOSSARY AND INTERPRETATION

9.1 Glossary

Where the following terms are used in this Target's Statement they have the following meanings:

A\$ or \$ means an Australian dollar.

Acceptance Form means the acceptance form for the Offers accompanying the Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of NGF, which forms part of the Bidder's Statement.

AEST Australian Eastern Standard Time.

Announcement Date means the date of announcement of the Offers, 17 April 2013.

ASIC means Australian Securities & Investments Commission.

Associate has the meaning given to that term in sections 10 to 17 of the Corporations Act.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

ASX Settlement Operating Rules means the operating rules of the settlement facility provided by ASX.

Bid Implementation Deed or **BID** means the bid implementation deed dated 17 April 2013 between KMC and NGF.

Bidder's Statement means the statement of NGF under Part 6.5 of Division 2 of the Corporations Act issued in relation to the Offers.

Business Day means a day on which banks are open for business in Perth, Australia, excluding a Saturday, Sunday or public holiday.

CGT means capital gains tax.

CHESS Holding means a number of shares which are registered on KMC's share register being a register administered by ASX Settlement Pty Limited and which records uncertificated holdings of shares.

Competing Proposal means any expression of interest, proposal, offer, transaction, arrangement or arrangement:

- (a) which, if entered into or completed, would result in a Third Party (either alone or together with any Associate):
 - (i) holding a Relevant Interest or economic interest in (or have the right to acquire a Relevant Interest or economic interest in) 50% or more of the KMC Shares;

- (ii) directly or indirectly acquiring or obtaining an economic interest in all or substantially all of the business conducted by, or assets or property of, the KMC Group;
- (iii) acquiring Control of KMC; or
- (iv) otherwise acquiring, or merging with, KMC,

whether by way of takeover bid, scheme of arrangement, shareholder-approved transaction, capital reduction, share buy-back, sale or purchase of securities, issue of securities, sale of assets, strategic alliance, dual listed company structure (or other synthetic merger), joint venture, partnership, or other transaction or arrangement; or

- (b) which requires or would require KMC or any Director to change, withdraw or modify their recommendation of the Takeover Bid.

Control has the meaning given in section 50AA of the Corporations Act.

Controlling Participant in relation to Your Shares has the same meaning as in the ASX Settlement Operating Rules.

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

Encumbrance means a mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having a similar effect.

Exclusivity Period means the period commencing on execution of the BID and expiring on the earlier of:

- (a) termination of the BID;
- (b) the end of the Offer Period (or, if the Offer Period does not end at the time required by the BID, the time at which the Offer Period should have ended in accordance with the BID); or
- (c) the date 6 months after execution of the BID.

FATA means *Foreign Acquisitions and Takeovers Act 1975* (Cth).

FIRB means Foreign Investment Review Board.

FIRB Approval means approval from, or on behalf of, the Australian Treasurer to the effect that there is no objection under the Commonwealth Government's foreign investment policy to the acquisition by NGF of the KMC Shares under the Share Offer.

FIRB Condition means the condition of the Share Offer set out in paragraph (c) of Annexure A.

Foreign Securityholder has the meaning given to that term in the Bidder's Statement.

GST means Australian goods and services tax.

Incentive Option Scheme means the employee incentive option plan to issue options to full or part time employees of KMC and its Related Bodies Corporate adopted by KMC on 17 November 2010.

Issuer Sponsored Holding means a holding of KMC Shares on KMC's issuer sponsored subregister.

JORC Code means 2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

KMC means Kalgoorlie Mining Company Limited, (ACN 091 009 559) of Ground Floor, 284 Oxford Street, Leederville, Western Australia.

KMC Board or **Board** means the board of directors of KMC.

KMC Director means a director of KMC.

KMC Group means KMC and its Subsidiaries.

KMC Listed Option means the 94,005,477 KMC Options exercisable at \$0.25 each on or before 31 May 2014 that are quoted on the ASX.

KMC Listed Optionholder means a registered holder of one or more KMC Listed Options.

KMC Material Adverse Change means, between the Announcement Date and the end of the Offer Period (each inclusive), any event, change or condition which occurs, is announced or becomes known to NGF (whether or not it becomes public) where that event, change or condition has or has resulted in, or could reasonably be expected to have or result in:

- (a) without limiting the generality of sub-paragraph (b) below, liabilities, or an adverse effect on the financial or trading position, or profitability of the KMC Group, taken as a whole, of an amount which (when aggregated with any other event, change or condition) would or could reasonably be expected to result in a diminution of the KMC Group's net assets by more than A\$500,000;
- (b) a material adverse effect on:
 - (i) the prospects of the KMC Group, taken as a whole; or
 - (ii) the status or terms of any material approvals, licences, tenements or permits issued by any Public Authority to any entity within the KMC Group,

other than changes, events or conditions:

- (a) required or permitted by the BID;
- (b) fully and fairly disclosed by KMC in an ASX announcement or otherwise to NGF in writing prior to execution of the BID;
- (c) which do not relate specifically to the KMC Group and which are beyond the control of Target and which arise from:

- (i) changes in coal or other commodity prices, exchange rates or interest rates; or
- (ii) general economic or business conditions.

KMC Option means an option to subscribe for a KMC Share and includes the KMC Listed Options and KMC Unlisted Options.

KMC Optionholder means a registered holder of one or more KMC Options.

KMC Security or **KMC Securities** means the KMC Shares or KMC Listed Options, or both (as the context requires).

KMC Securityholder means a holder of a KMC Security.

KMC Share means a fully paid ordinary share in the issued capital of KMC.

KMC Shareholder means a person who is recorded in KMC's register of members as the holder of one or more KMC Shares.

KMC Unlisted Option means the KMC Options, other than the KMC Listed Options, being:

- (a) 900,000 KMC Options exercisable at \$0.25 on or before 28 March 2016; and
- (b) 1,800,000 KMC Options exercisable at \$0.25 on or before 17 May 2016.

Merged Group the combined businesses of KMC and NGF, if the Offers are successful.

Merger means the merger of KMC and NGF by way of a takeover bid by NGF for all of the KMC Shares in accordance with the Offers.

Mineral Resource has the meaning given to that term pursuant to the JORC Code.

Minimum Acceptance Condition means at or before the end of the Offer Period, NGF and its Related Bodies Corporate together have Relevant Interests in either:

- (a) at least 90% of all the KMC Shares in respect of the Share Offer;
- (b) at least 90% of all KMC Listed Options in respect of the Option Offer; or
- (c) both (a) and (b),

as the context requires.

NGF or **Norton** means Norton Gold Fields Limited (ACN 112 287 797) of Level 36, Exchange Plaza, 2 The Esplanade, Perth, Western Australia.

NGF Group means NGF and its Subsidiaries.

NGF Option means an unlisted option exercisable at \$0.27 on or before 30 April 2015 to subscribe for an NGF Share.

NGF Share means a fully paid ordinary share in the issued capital of NGF.

Notice of Status of Conditions means NGF's notice disclosing the status of the conditions to the Share Offer, or the Option Offer (as the case may be) which is required to be given by section 630(3) of the Corporations Act.

Offer Conditions means the conditions to the Offers set out in Annexure A.

Offer Consideration means the Share Offer Consideration and the Option Offer Consideration and, as the context requires or permits means any one of them.

Offer Period means, as the context requires or permits, the period with respect to the Share Offer and Option Offer respectively during which the relevant Offer is open for acceptance in accordance with section 13.6 of the Bidder's Statement.

Offers or **NGF's Offers** means the Share Offer and the Option Offer and, as the context requires or permits, **Offer** means any one of them.

Option Offer means the offer by NGF to acquire KMC Listed Options in connection with the Takeover Bid.

Option Offer Consideration means 0.024 NGF Options for each KMC Listed Option

Ore Reserve has the meaning given to that term pursuant to the JORC Code.

Perth time means time as observed in Perth, Western Australia, Australia.

PRC means the People's Republic of China.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

Related Bodies Corporate has the meaning given in the Corporations Act.

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

Rights means all accretions, rights and benefits of whatever kind attaching to or arising from the KMC Shares directly or indirectly at or after the Announcement Date (including all dividends and all rights to receive them and rights to receive or subscribe for shares, notes, bonds, options or other securities or entitlements declared, paid or issued by KMC or any Subsidiary of KMC).

Share Offer means the offer to acquire KMC Shares to be made by NGF in connection with the Takeover Bid.

Share Offer Consideration means 0.054 NGF Shares and 0.054 NGF Options for each KMC Share, as reduced by the amount of any Rights which are paid, made or otherwise arise or accrue to a KMC Shareholder.

Share Offer Period means the period with respect to the Share Offer during which the Share Offer is open for acceptance in accordance with section 13.6 of the Bidder's Statement.

Subsidiary has the meaning given to that term in the Corporations Act.

Superior Proposal means a bona fide Competing Proposal after the date of execution of the BID which the KMC Directors have determined, acting in good faith and in order to satisfy what the KMC Directors consider to be their fiduciary or statutory duties (and after having taken written advice from their external financial and legal advisers):

- (a) is reasonably capable of being valued and completed on a timely basis, taking into account all aspects of the Competing Proposal, including the identity of the person making it, and any legal, financial, regulatory and timing considerations and any conditions precedent; and
- (b) would, if completed substantially in accordance with its terms, be more favourable to KMC Shareholders (as a whole) than the Takeover Bid (as such Takeover Bid may be amended or varied following application of matching rights in clause 7.5 of the BID), taking into account all the terms and conditions of the Competing Proposal and the identity of the person making the Competing Proposal.

Takeover Bids means the off-market takeover bids made by NGF for all the KMC Shares and KMC Listed Options that NGF does not currently own or control and **Takeover Bid** means either bid, as appropriate.

Target's Statement means this document (including the attachments and annexures), being the statement of KMC under Part 6.5 Division 3 of the Corporations Act issued in relation to the Offers.

Tenements means:

- (a) Bullant Gold Project, Western Australia:

P16/2689, M16/44, M16/45, P16/2694, P16/2695, P16/2696, P16/2697, P16/2698, P16/2699, P16/2700, P16/2701, L16/0087, L16/0089, L16/90, P24/4588, P24/4589, P24/4590, P24/4591, P24/4592, P24/4593, P24/4594;
- (b) Mid Continent Project, Minnesota, USA:

WMMN00107, WMMN00108, WMMN00127, WMMN00117, WMMN00124, WMMN00134, WMMN00135, WMMN00136; and
- (c) Snowbird Project, Canada:

F91103, F91117, F91118, F91174, F91108, F91112, F91113, 91114, F91115, F91116, F91119, F91175, F91104, F91105, F91109, F91110.

Third Party means a person other than an entity within the NGF Group.

VWAP means volume weighted average price.

9.2 Interpretation

In this Target's Statement:

- (a) other words and phrases have the same meaning (if any) given to them in the Corporations Act.
- (b) words of any gender include all genders.

- (c) words indicating the singular include the plural and vice versa.
- (d) an expression indicating a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- (e) a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.
- (f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- (h) a reference to time is a reference to Perth time.
- (i) a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia unless otherwise stated.

10. AUTHORISATION

This Target's Statement has been approved by a resolution passed by the directors of KMC. All KMC Directors voted in favour of that resolution.

Signed for and on behalf of KMC



Mr Peter Cordin
Non-Executive Chairman
For and on behalf of
Kalgoorlie Mining Company Limited

ANNEXURE A – OFFER CONDITIONS

Part 1 – Share Offer Conditions

The Share Offer is subject to fulfilment of the following conditions:

(a) **Minimum relevant interest**

At or before the end of the Offer Period, NGF and its Related Bodies Corporate together have Relevant Interests in at least 90% of all the KMC Shares.

(b) **Offer for KMC Listed Options**

The Option Offer is or becomes unconditional in all respects.

(c) **FIRB approval**

The Treasurer of the Commonwealth of Australia or his agent notifies NGF to the effect that there are no objections to the proposed acquisition by NGF of interests in up to all of the KMC Shares on issue pursuant to or as a result of the Share Offer (or by any other means permitted under the Corporations Act) under the Commonwealth Government's foreign investment policy, and such notice is unconditional or subject to conditions which are not materially detrimental to NGF.

(d) **No regulatory action**

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

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is commenced by any Public Authority; and
- (iii) no application is made to any Public Authority (other than by NGF or any of its Related Bodies Corporate),

(other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Offers) which restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offers, the acquisition of KMC Shares under the Share Offer or any transaction contemplated by the Bidder's Statement, the Offers or the rights of NGF in respect of KMC, or requires the divestiture by any entity within the NGF Group of any KMC Shares, or requires the divestiture of any assets of the NGF Group or KMC Group.

(e) **PRC Government approvals**

Before the end of the Offer Period, NGF obtains all legal and regulatory approvals, authorisations and consents required under any PRC laws, regulations or policies relevant to NGF and necessary to enable NGF to acquire KMC Shares and KMC Listed Options under the Option Offer and the transactions contemplated by the Bidder's Statement to be completed, in each case on an

unconditional basis and, at the end of the Offer Period, all of those approvals, authorisations and consents remain in full force and effect in all respects and are not subject to any notice or indication of intention to revoke, suspend, restrict, modify or not renew.

(f) **No material adverse change**

Between the Announcement Date and the end of the Offer Period (each inclusive), no event, change or condition occurs, is announced or becomes known to NGF (whether or not it becomes public) where that event, change or condition has or has resulted in, or could reasonably be expected to have or result in:

- (i) without limiting the generality of sub-paragraph (ii) below, liabilities, or an adverse effect on the financial or trading position, or profitability of the KMC Group, taken as a whole, of an amount which (when aggregated with any other event, change or condition) would or could reasonably be expected to result in a diminution of the KMC Group's Net Assets by more than A\$500,000;
- (ii) a material adverse effect on:
 - (A) the prospects of the KMC Group, taken as a whole; or
 - (B) the status or terms of any material approvals, licences, tenements or permits issued by any Public Authority to any entity within the KMC Group,

other than changes, events or conditions:

- (iii) required or permitted by the Bid Implementation Deed;
- (iv) fully and fairly disclosed by KMC in an ASX announcement or otherwise to NGF in writing prior to execution of the Bid Implementation Deed;
- (v) which do not relate specifically to the KMC Group and which are beyond the control of KMC and which arise from:
 - (A) changes in coal or other commodity prices, exchange rates or interest rates; or
 - (B) general economic or business conditions.

(g) **No material acquisitions, disposals or new commitments**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither KMC nor any Subsidiary of KMC, other than with the prior written consent of NGF:

- (i) acquires, offers to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than \$100,000;
- (ii) disposes of, offers to dispose of or agrees to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value is, in aggregate, greater than \$100,000;

- (iii) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement, joint venture or partnership that:
 - (A) requires payments, expenditure or the foregoing of revenue by KMC and/or any of its Subsidiaries of an amount in excess of A\$50,000 on any individual basis or which is, in aggregate, greater than \$100,000; or
 - (B) is material in the context of the KMC Group and is not in the ordinary course of business;
- (iv) enters into or agrees to enter into, terminates or agrees to terminate a contract, commitment or arrangement for the provision of services or a licence to a third party that is a new or existing customer that results in KMC and/or any of its Subsidiaries incurring costs greater than \$A25,000 on an individual basis or is, in aggregate, greater than \$100,000 for the entire term of such contract, commitment or arrangement;
- (v) provides or agrees to provide financial accommodation or a guarantee, other than to entities within the KMC Group for any amount, or receives financial accommodation other than from entities within the KMC Group for any amount;
- (vi) enters into, amends, or agrees to enter into or amend any material contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act) of KMC;
- (vii) incurs, agrees to incur or bring forward the time for incurring, or granting to a third party a right the exercise of which would involve KMC or a Subsidiary incurring or agreeing to incur an amount of capital expenditure in excess of \$100,000, other than capital expenditure that has been announced by KMC to ASX prior to the Announcement Date;
- (viii) gives or agrees to give any Encumbrance over any of its assets (or an interest in any of its assets), other than liens in the ordinary and usual course of business;
- (ix) does any of the following in respect of the Tenements:
 - (A) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement (including without limitation any ore sale, ore processing, joint venture, partnership, farm-in, royalty, marketing, or off-take agreement) in relation to any of the Tenements;
 - (B) relinquishes, sells or disposes of any interest or creates any Encumbrance over any of the Tenements;
 - (C) takes any action or omits to take any action that results in or may reasonably be expected to result in a breach of the terms any of the Tenements or any environmental authority relating to any of the Tenements; or
 - (D) takes any action or omits to take any action that results in or may reasonably be expected to result in the surrender of any of the Tenements or any environmental authority relating to any of the Tenements; or

- (x) without limiting sub-paragraphs (i) to (ix) above:
 - (A) enters into, offers to enter into, agrees to enter into or announces any agreement for any transaction; or
 - (B) is otherwise affected by any transaction or proposal, under which any Third Party would acquire any legal or economic interest in, or there would be any material diminution in, the rights granted under any mineral tenement held by any entity within the KMC Group,
 - (xi) announces an intention to do any of the matters referred to in sub-paragraphs (i) to (ix) above,
- other than:
- (xii) where required or permitted by the Bid Implementation Deed; or
 - (xiii) as fully and fairly disclosed by KMC in an ASX announcement or to NGF in writing prior to execution of the Bid Implementation Deed.

(h) **No change of control rights**

Between the Announcement Date and the end of the Offer Period (each inclusive), no person has or will have any right as a result of NGF making the Offers or announcing its intention to make the Offers, or acquiring KMC Shares under the Share Offer, to:

- (i) acquire, or require the disposal of, or require any entity within the KMC Group to offer to dispose of, any material asset of any entity within the KMC Group;
- (ii) terminate, or vary the terms or performance of, any material agreement with any entity within the KMC Group;
- (iii) terminate, or vary the terms of any material approvals, licenses or permits issued by any Public Authority to any entity within the KMC Group; or
- (iv) require repayment of any moneys borrowed by or any other indebtedness of any entity within the KMC Group earlier than its stated maturity date, or withdraw or inhibit the ability of any entity within the KMC Group to borrow moneys or incur indebtedness,

other than a right in respect of which a written, enforceable, irrevocable and unconditional waiver has been obtained and disclosed to the ASX or as fully and fairly disclosed by KMC in an ASX announcement or otherwise to NGF prior to execution of the Bid Implementation Agreement.

(i) **No dividends**

Between the Announcement Date and the end of the Offer Period (each inclusive), KMC does not make, determine as payable, announce or declare any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

(j) **No prescribed occurrences**

During the period from the date on which the Bidder's Statement is given to KMC and the end of the Offer Period (each inclusive), none of the following events occur:

- (i) KMC converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (ii) KMC or a Subsidiary of KMC resolves to reduce its share capital in any way;
- (iii) KMC or a Subsidiary of KMC enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) KMC or a Subsidiary of KMC issues shares (other than as a result of the exercise of KMC Options) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) KMC or a Subsidiary of KMC issues, or agrees to issue, convertible notes;
- (vi) KMC or a Subsidiary of KMC disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) KMC or a Subsidiary of KMC charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) KMC or a Subsidiary of KMC resolves to be wound up;
- (ix) a liquidator or provisional liquidator of KMC or of a Subsidiary of KMC is appointed;
- (x) a court makes an order for the winding up of KMC or of a Subsidiary of KMC;
- (xi) an administrator of KMC or of a Subsidiary of KMC is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) KMC or a Subsidiary of KMC executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of KMC or a Subsidiary of KMC.

(k) **No prescribed occurrences between the Announcement Date and date of the Bidder's Statement**

During the period from the Announcement Date to the date that is the day before the date of the Bidder's Statement (each inclusive), none of the events listed in sub-paragraphs (i) to (xiii) of paragraph (j) happen.

Part 2 – Option Offer Conditions

The Option Offer is subject to fulfilment of the following conditions:

(a) **Minimum relevant interest**

At or before the end of the Offer Period, the Bidder and its Related Bodies Corporate together have Relevant Interests in at least 90% of all the KMC Listed Options.

(b) **Offer for KMC Shares**

The Offer for KMC Shares is or becomes unconditional in all respects.