

21 March 2019

### TAKEOVER UPDATE

- **THE BOARD<sup>1</sup> CONTINUES TO ADVISE SHAREHOLDERS TO TAKE NO ACTION**
- **MAJOR SHAREHOLDERS, RCF VI AND REGAL (TOGETHER 49.1% OF THE REGISTER), HAVE STATED THEY DO NOT INTEND TO ACCEPT THE HANCOCK OFFER**
- **HIGHLY UNLIKELY SHAREHOLDERS WILL BE ABLE TO RECEIVE THE INCREASED OFFER PRICE OF \$2.50 IN LIGHT OF RCF VI AND REGAL STATEMENTS OF INTENTION**
- **BOARD IS AWARE SOME RIVERSDALE SHAREHOLDERS HAVE INDICATED A DESIRE TO BUY MORE SHARES**
- **A NUMBER OF STRATEGIC PARTIES HAVE SIGNED CONFIDENTIALITY AGREEMENTS AND COMMENCED DUE DILIGENCE ON RIVERSDALE**

Dear Riversdale Shareholder,

You will have now received the Bidder's Statement in relation to the conditional off-market takeover offer (**Hancock Offer**) from Hancock Corporation Pty Ltd, a wholly-owned subsidiary of Hancock Prospecting Pty Ltd (**Hancock**).

The Riversdale Board<sup>1</sup> has appointed a team of advisors, including Macquarie Capital and Ashurst to assist it assess and respond to the Hancock Offer. We have also engaged Grant Thornton to prepare an Independent Expert's Report that will contain an independent valuation of Riversdale and its opinion as to whether the Hancock Offer is fair and reasonable and the reasons for its opinion.

The Bidder's Statement states that the Hancock Offer will remain open for acceptance from 13 March 2019 until 7:00pm (Sydney time) on 14 April 2019 (**Offer Period**), unless Hancock extends the Offer Period. So you have **plenty of time** to accept the Hancock Offer, if that is what you decide to do.

The Riversdale Board<sup>1</sup> continues to recommend that shareholders **take no action** with respect to the Hancock Offer.

#### **Major shareholders do not intend to accept the Hancock Offer**

The Riversdale Board<sup>1</sup> has received the statements of intention set out below from Resource Capital Fund VI L.P. (**RCF VI**) and Regal Funds Management Pty Limited (**Regal**), each of which has consented to the publication of those statements. RCF VI and Regal hold 144,769,394 Riversdale shares in aggregate which represent 49.1% of the Riversdale shares on issue.

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<sup>1</sup> Excluding Mr Tad Watroba, the Director appointed by Hancock who is also a director of Hancock Corporation Pty Ltd and has declared a conflict in relation to the Company's response to the Hancock Offer.

### Resource Capital Fund VI L.P. Statement

*Resource Capital Fund VI L.P. (RCF VI) has reviewed the takeover offer from Hancock Corporation Pty Ltd (Hancock) made pursuant to its replacement bidder's statement dated 11 March 2019 for all the shares in Riversdale Resources Limited (Riversdale) for A\$2.20 per share (the Hancock Offer). We note Hancock has stated it will increase the offer price from A\$2.20 per share to A\$2.50 per share if Hancock receives acceptances under the Hancock Offer to take its voting power to more than 50% of Riversdale shares, calculated on a fully diluted basis (the Hancock Increased Offer).*

*RCF VI intends **NOT to accept** both the Hancock Offer and the Hancock Increased Offer.*

*However, RCF VI reserves the right to (i) accept the Hancock Offer or the Increased Hancock Offer should Hancock's voting power exceed 50% on an undiluted basis; or (ii) accept a revised offer from Hancock at an offer price above the Hancock Increased Offer.*

*RCF VI currently holds 141,592,737 Riversdale shares, being 47.98% of the Riversdale shares currently on issue.*

### Regal Funds Management Statement

*Regal Funds Management (Regal) has reviewed the takeover offer from Hancock Corporation Pty Ltd (Hancock) made pursuant to its replacement bidder's statement dated 11 March 2019 for all the shares in Riversdale Resources Limited (Riversdale) for A\$2.20 per share, which will be increased to A\$2.50 per share if Hancock's voting power exceeds 50% on a fully diluted basis (the Takeover Offer).*

*Regal considers that the Takeover Offer vastly undervalues Riversdale. In the absence of a material change in circumstances, **Regal does not intend to sell into the Takeover Offer.***

*Regal currently holds 3,176,657 Riversdale shares, being 1.08% of the Riversdale shares currently on issue.*

### **Offer Price implications - \$2.50 per share offer price highly unlikely to materialise**

Hancock has stated in its Bidder's Statement that if RCF does not accept the Hancock Offer, then it will be challenging for Hancock to secure voting control of more than 50% of Riversdale shares prior to the end of the Offer Period.

Hancock has indicated that if it obtains control of Riversdale (by its voting power in Riversdale exceeding 50%, calculated on a fully diluted basis) prior to the end of the Offer Period, the Offer Price will be increased to \$2.50 cash for each Riversdale share (**Increased Offer Price**).

In light of the statements made by RCF VI and Regal, and the implications set out in the Hancock Bidder's Statement, the Board<sup>1</sup> believes it is highly unlikely the Increased Offer Price will materialise.

For this reason, **shareholders should consider the Hancock Offer as effectively only \$2.20 per Riversdale share.**

This is a material development for shareholders and the Riversdale Board<sup>1</sup> urges shareholders to **take no action** until you have read the Target's Statement and accompanying Independent Expert Report which we expect to send to you **on or before 28 March 2019**.

#### Shareholders indicate desire to acquire more shares

The Riversdale Board<sup>1</sup> is aware that some current Riversdale shareholders have indicated a desire to buy more shares in the Company. The Board<sup>1</sup> believes this is an encouraging signal of support for the Company.

#### Parties conducting due diligence on Riversdale

We are continuing to engage with strategic parties that have shown interest in Riversdale and the Grassy Mountain Project. A number of interested parties have signed confidentiality agreements and are undertaking due diligence on Riversdale and the Grassy Mountain Project.

The Riversdale Board<sup>1</sup> is encouraged by the amount of interest in the Company and continues its activities with the ultimate aim of procuring a higher offer for shareholders. At this stage it is too early to tell whether a higher offer or alternate transaction will eventuate. We will keep you informed of all material developments. There can be no assurance that a higher offer will eventuate.

If you accept the Hancock Offer early, you may not be able to accept a more attractive offer from another party should one eventuate. That is one reason why the Riversdale Board<sup>1</sup> is recommending shareholders should **take no action** at this stage.

There will be more information in the Riversdale Target's Statement, to be provided on or before 28 March 2019. The Target's Statement will contain a formal recommendation for shareholders and Grant Thornton's Independent Expert's Report which will include a valuation of your shares.

Yours Sincerely,



**Gary Lawler**  
Chairman  
Riversdale Resources