



ASX Announcement - 2 October 2014

Proposed selective capital return to shareholders and delisting

In light of the decline in the Company's share price since listing on the ASX, the Board has considered various strategies to reduce costs and allow shareholders to realise value for their shares, in particular smaller shareholders who may not have been able to sell their shares due to the low liquidity and trading of the Company's shares.

The Company is of the view that a continued listing on ASX would have limited benefits for the Company and shareholders and proposes to take steps to allow shareholders to realise value for their shares. It is proposed to implement a selective capital return to shareholders by way of a capital return of 5 cents per share and subsequently delist the Company (**Proposed Transaction**). The capital return of 5 cents per share is approximately 70% above the last traded price of 3 cents on 12 September 2014. The Company believe this amount represents a fairer value for its shares than the current market price.

The Proposed Transaction will be reviewed by an independent expert to confirm it is fair and reasonable to shareholders. It is then proposed to seek shareholder approval for both the capital return and delisting.

ASX in-principle advice on delisting

The ASX has provided in principle advice that removal from its official list would be granted subject to the Company obtaining shareholder approval for the delisting. A formal application for delisting will be made to ASX if the Proposed Transaction, including the delisting, is approved by shareholders.

Rationale for the Proposed Transaction

The key drivers for the Proposed Transaction are:

- there has been a steady decrease in share price during the year, to an all time low of 2.1 cents. However, the shares last traded on 12 September 2014 at 3 cents;
- trading in the Company's shares is highly illiquid, effectively locking in shareholders;
- the listing does not serve capital raising needs of Vantage because of its low share price and shareholders would suffer dilution if capital is raised for future capital needs and expansion; and
- the listing has limited benefits for shareholders and costs now outweigh the benefits.

The key objectives of implementing the Proposed Transaction which have driven the structure of the Proposed Transaction are:

- to delist the Company to reduce the ongoing costs and compliance burden for the Company;
- to give shareholders, and in particular smaller investors, the opportunity to realise their shareholdings at a value which is approximately a 70% premium to the last traded price of 3 cents (the shares last traded on 12 September 2014) and which represents a fairer value of those shares;

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- to utilise a part of the limited cash resources of the Company to implement the capital reduction in a way that gives priority to smaller shareholders to realise value for their shares; and
- to rationalise and streamline the share register of the Company to a small number of shareholders who are prepared to remain as shareholders in an unlisted company in the longer term, which is also intended to reduce costs and administrative burdens for the Company.

Key aspects of the Proposed Transaction

The Company has limited cash resources but is prepared to make available for the Proposed Transaction about \$3 million from the Company's cash resources in order to provide minority shareholders with an opportunity to receive value for their shares. The management team proposes to remain as shareholders and the Company has also received binding commitments from certain major shareholders that they are prepared to remain as shareholders (**Key Continuing Shareholders**), which should allow the Company to implement the capital return and remain within this budgeted amount. The Key Continuing shareholders hold together approximately 70% of the issued capital in the Company.

The selective capital return will be made available to all shareholders other than the Key Continuing Shareholders, on the following terms:

- all shareholders holding less than 500,000 shares will be deemed to be **Exiting Shareholders** and receive the capital return and have their shares cancelled, unless by 28 November 2014 they:
 - sell all of their shares on ASX or via a off-market share transfer by private arrangement; or
 - acquire additional shares on ASX or via a off-market share transfer by private arrangement to increase their shareholding to at least 500,000 shares and elect to remain as a Continuing Shareholder by completing and returning an Election Form so that the Company receives the Election Form by 28 November 2014.
- shareholders holding at least 500,000 shares will be able to complete and return to the Company an Election Form and will have a period of 6 weeks up to 28 November 2014 (**Election Period**) to elect whether to receive the capital return and have their shares cancelled or continue as shareholders, with those shareholders who:
 - return the Election Form electing to receive the capital return or do not return the Election Form being deemed to be Exiting Shareholders so that they will receive the capital return and have their shares cancelled; or
 - return the Election Form electing to remain as shareholders, who together with the Key Continuing Shareholders will be **Continuing Shareholders**.

Shareholders will only be able to elect to receive the capital return or continue as shareholders for all of their shares so that, it will be not be possible to elect to receive a capital return for some of their shares and also continue to hold shares after the capital return.

Subject to the necessary shareholder approvals being obtained, following the capital return, the Company will be delisted.

Key Dates

Subject to the independent expert confirming the Proposed Transaction is fair and reasonable, the Company will despatch documentation for the necessary meetings of shareholders, including an explanatory memorandum providing further details of the Proposed Transaction and the advantages and disadvantages for shareholders, the independent expert's report and Election Forms (**Proposed Transaction Documents**).

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There will be two shareholder meetings:

- one for Exiting Shareholders to approve the capital return;
- another for all shareholders to approve the capital return and delisting.

As the resolutions at each of the meetings are interdependent, the Proposed Transaction will only proceed if both the capital return and delisting are approved by shareholders. Therefore, if the capital return is not approved but the delisting resolution is approved, or the capital return is approved but the delisting resolution is not approved, then neither the capital return nor the removal of the Company from the official list of ASX will proceed.

Below is an indicative timetable for the Proposed Transaction subject to any changes that may arise.

Date for determining shareholders who will receive the Proposed Transaction documents	15 October 2014
Last day for the Company to receive the Election Forms	28 November 2014
Last day to lodge proxy forms for shareholders meetings	3 December 2014
Shareholder meetings to approve Proposed Transaction	5 December 2014
Payment of capital return to Exiting Shareholders	31 December 2014
Delisting date	5 January 2015

Advantages and disadvantages of Proposed Transaction

There are a number of key advantages and disadvantages for both Exiting Shareholders and Continuing Shareholders of the Company to consider in deciding what they should do, including those noted below.

For Exiting Shareholders the benefits of the Proposed Transaction include that:

- they will receive a capital return of 5 cents per share, being a premium of approximately 70% to the last traded price of 3 cents (the shares last traded on ASX on 12 September 2014);
- they can realise value which otherwise could not be achievable as trading in the Company is likely to continue to be illiquid;
- Exiting Shareholders will no longer be exposed to the risks of an ongoing investment in the Company, particularly if the Company continues to experience difficult market conditions and increased capital expenditure pressures;
- it will provide Exiting Shareholders with an opportunity to dispose of their shares without brokerage; and
- given the significant shareholdings held by Key Continuing Shareholders, it is unlikely that Exiting Shareholders will receive a higher offer or proposal from an alternative third party.

For Exiting Shareholders, the potential disadvantages include that that after completion of the Proposed Transaction, the shares held by Exiting Shareholders will be cancelled and Exiting Shareholders will cease to have any rights as members of the Company, including participation in dividends (although no dividends are expected to be paid in the near to medium term) and will not be able to obtain any benefits arising from any improved mining or trading conditions or the financial position of the Company that may arise (if any) which could affect the value of the Company and its shares.

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For Continuing Shareholders, the key benefits include:

- the Company will no longer be subject to the regulatory obligations and related ongoing costs associated with a listing on the ASX, which the Company considers are currently impacting on shareholder value;
- if there is any improvement in mining or trading conditions or financial position of the company, they may be able to participate in any increase in value of the Company and its shares (if any).

The key disadvantages for Continuing Shareholders include:

- being exposed to the downside of any potential adverse mining or trading conditions or any deterioration in its financial position that the Company may suffer in the future;
- a further reduction in liquidity of the shares they continue to hold once the Company is delisted, as there will be no trading platform or liquid market for those shares;
- after delisting, the alternatives available regarding equity funding of future capital needs, will be much more limited, including the Company no longer being able to raise funds from the market. This may lead to greater reliance on further funding from Continuing Shareholders in relation to the Company's future capital needs.

Choices for shareholders

Once shareholders have received the Proposed Transaction Documents, they should carefully read and consider those documents before deciding what to do and should consider seeking their own independent financial and taxation advice before making any decision in relation to the Proposed Transaction.

Essentially, shareholders holding at least 500,000 shares can choose to:

- send the Election Form to elect to receive the capital return and have their shares cancelled;
- do nothing, in which case they will be deemed to be Exiting Shareholders and receive the capital return for their shares and have their shares cancelled;
- sell all or part of their shares on ASX or via a off-market share transfer by private arrangement, but if they hold less than 500,000 shares as at 28 November 2014 they will receive the capital return for their shares which will then be cancelled; or
- send the Election Form electing to remain as Continuing Shareholders.

Shareholders who send the Election Form electing to remain as Continuing Shareholders will also consent to a holding lock on their shares, so they will not be able to trade their shares after the date the Company receives their Election Form.

Shareholders who hold less than 500,000 shares will be deemed to be Exiting Shareholders and will receive the capital return and have their shares cancelled unless by 28 November 2014 they choose to:

- sell all of their shares on ASX or via a off-market share transfer by private arrangement; or
- acquire additional shares on ASX or via a off-market share transfer by private arrangement to increase their shareholding to at least 500,000 shares by 28 November 2014 and they elect to remain as a Continuing Shareholder by ensuring that their Election Form electing to remain as Continuing Shareholders is received by the Company by that date.

It is important to note that shareholders who as at 28 November 2014 do not hold at least 500,000 shares will be treated as Exiting Shareholders and will receive the capital return for their shares and have their shares cancelled. Therefore, shareholders who return an Election Form electing to remain as a Continuing Shareholder but who do not hold at least 500,000 shares as at 28 November 2014 will still be treated as Exiting Shareholders and receive the capital return for their shares and have their shares cancelled.

As noted above the capital return and delisting are subject to obtaining the necessary shareholder approvals, so in addition to shareholders choosing what they want to do with their own shares, they will be able to vote in relation to the Proposed Transaction and can:

- vote in favour of the capital return and delisting, if they want to receive the capital return and/or want the capital return and delisting to proceed; or
- vote against the capital return and delisting, if they do not want the capital return and delisting to proceed.

Further information will be included in the Proposed Transaction Documents which are expected to be sent to shareholders later this month. In the meantime, please contact Wayne Kernaghan on 02 8298 2006 if you have any queries.

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