

ASX ANNOUNCEMENT / MEDIA RELEASE

ASX:ABU

9 March 2016

ABM Resources NL - 3 for 5 Fully-Underwritten Non-Renounceable Rights Issue

Notice under Section 708AA(2)(f) of the Corporations Act 2001

ABM Resources NL (**Company**) will be undertaking a fully-underwritten non-renounceable rights issue of approximately 205,772,691 ordinary shares to its shareholders on the basis of an entitlement to subscribe for 3 fully paid ordinary shares (**New Shares**) for every 5 fully paid ordinary shares held as at the record date of 5pm (WST) on 16 March 2016 with each New Share being issued at an issue price of \$0.04 to raise a total of approximately \$8.2 million (before transaction costs) (**Rights Issue**).

The Company states, in compliance with the requirements of section 708AA(7) of the Corporations Act 2001 as modified by ASIC Class Orders [CO 07/571] and [CO 08/35] (**Act**), that it will offer the New Shares for issue without disclosure to investors under Part 6D.2 of Chapter 6D of the *Corporations Act 2001* (Cth) (**Act**) and that this notice is given to ASX Limited (**ASX**) under paragraph 708AA(2)(f) of the Act.

The Company advises:

- (a) the New Shares will be offered under a rights issue;
- (b) the New Shares are in a class of securities that are quoted securities at the time at which the offer is to be made;
- (c) trading on the stock market conducted by ASX in the class of securities which the New Shares are in (being the fully paid ordinary shares in the capital of the Company) was not suspended for more than a total of five days during the shorter of the following periods:
 - (1) the period during which the class or securities is quoted;
 - (2) the period of 12 months before the day on which the offer is to be made;
- (d) no exemption under sections 111AS or 111AT of the Act covered the Company, or any person as director or auditor of the Company, at any time during the relevant period referred to in paragraph (c) above;
- (e) no order under sections 340 or 341 of the Act (other than ASIC Class Orders [CO 98/100], [CO 98/101], [CO 98/104], [CO 98/1418], [CO 98/2395], [CO 99/90], [CO 00/2449], [CO 10/654], [CO 13/1050] or [CO 14/757], ASIC Corporations (Stapled Group Reports) Instrument 2015/838, ASIC Corporations (Related Scheme Reports) Instrument 2015/839 or ASIC Corporations (Post Balance Date Reporting) Instrument 2015/842) covered the Company, or any person as a director or auditor of the Company, at any time during the relevant period referred to in paragraph (c) above; and

(f) as at the date of this notice, the Company states that it has complied with:

- (1) the provisions of Chapter 2M of the Act as they apply to the Company; and
- (2) section 674 of the Act.

As at the date of this notice there is no excluded information being information:

- (a) that has been excluded from a continuous disclosure notice in accordance with the Listing Rules of ASX; and
- (b) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (1) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (2) the rights and liabilities attaching to the New Shares or generally to the ordinary shares in the capital of the Company.

The Directors note that the Rights Issue is fully underwritten by Key Pacific Advisory Partners Pty Ltd (ACN 003 464 980) (**Underwriter**) and fully sub-underwritten by Pacific Road Capital Management Pty Ltd (ACN 117 934 586) as trustee for Pacific Road Fund II Managed Investment Trust (**Sub-Underwriter**) which is the largest shareholder of the Company. Accordingly, due to the size of the Rights Issue, there is the potential significant effect on the control of the Company, depending on the extent to which shareholders take up their rights under the Rights Issue and the extent to which shareholders apply for additional New Shares under the shortfall facility.

The potential effect of the Rights Issue on control of the Company is explained in the tables set out in the Annexure to this notice.

Terms and expression given a meaning in the Act and not given a meaning in this notice, having the same meaning when used in this notice as given to them in the Act.

Signed



Mr Brett Lambert
Managing Director
ABM Resources NL

Annexure A

The following tables set out the potential effects of the Rights Issue (on the basis set out below) on the Underwriter and the largest Shareholder of the Company the Sub-Underwriter and the remaining Shareholders.

Table 1 – Before the Rights Issue

Table 1 shows the number of Shares held by, and the relevant interest of, the Sub-Underwriter, and the remaining shareholders as at the date of this announcement and assumes that the options have not been granted to or exercised by the Sub-Underwriter under the debt facility.

Shareholder	Number of Shares	Relevant interest (%)
Sub-Underwriter	68,080,809	19.85%
Remaining Shareholders	274,873,677	80.15%
Total	342,954,486	100.00%

Table 2 – After the Rights Issue

Table 2 shows the number of Shares held by, and the relevant interest of, the Sub-Underwriter and the remaining shareholders after the Rights Issue and assumes that none of the options granted to the Sub-Underwriter under the debt facility have been exercised. We note that Key Pacific will not have a relevant interest in the Company as a result of the Rights Issue on the basis that the Rights Issue is fully sub-underwritten. Table 2 has been prepared on the assumption that the Sub-Underwriter takes up all of its Entitlements and does not apply for any Shortfall Shares, and that the remaining shareholders take up 100%, 50% or 0% of their Entitlements and Shortfall Shares, so that the Sub-Underwriter takes up 0%, 50% or 100% of the New Shares offered to the remaining shareholders under the Rights Issue.

Shareholder	Entitlements and shortfall take up by remaining shareholders					
	0%		50%		100%	
	Number of Shares	Relevant interest	Number of Shares	Relevant interest	Number of Shares	Relevant interest
Sub-Underwriter	273,853,500	49.91%	191,391,397	34.88%	108,929,294	19.85%
Remaining Shareholders	274,873,677	50.09%	357,335,780	65.12%	439,797,883	80.15%
Total	548,727,177	100.00%	548,727,177	100.00%	548,727,177	100.00%

The number of Shares held by the Sub-Underwriter and its voting power in the above table shows the potential effect of the sub-underwriting of the Rights Issue. If the Sub-Underwriter increases its voting power in the Company above 50%, then it will have the unilateral ability, by voting the shares in which it has voting power, to defeat or pass ordinary resolutions at Shareholder meetings. This would enable it to control the composition of the Board.

The Board is of the opinion that the potential control effect of the underwriting and sub-underwriting arrangements does not exceed what is reasonably necessary for the capital raising that is the subject of the Offer given the Company's financial position and its urgent need for funds. The Board is also of the opinion that the size of the Rights Issue is consistent with and does not exceed the Company's current funding requirements.