

2 September 2019

ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Sir/Madam

Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (ASIC instrument)

This notice is given by Todd River Resources Limited (ABN 45 600 308 398) (ASX: TRT) (**Todd River Resources**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

Todd River Resources today announced a fully underwritten non-renounceable pro-rata entitlement offer to existing shareholders who:

- (a) are registered as a holder of Todd River Resources shares at 5.00pm AWST on the Record Date of 5.00pm (AWST) on 11 September 2019;
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States or a US Person or acting for the account or benefit of such persons; and
- (d) are eligible under all application securities laws to receive an offer under the Entitlement Offer,

(together, **Eligible Shareholders**), on the basis of 1 new share in Todd River Resources (**New Share**) for every 3 fully paid ordinary shares in Todd River Resources held (**Entitlement Offer**).

An offer document for the Entitlement Offer will be dispatched to all Eligible Shareholders on or about 12 September 2019.

Todd River Resources confirms that:

- (a) it will offer the New Shares under the Entitlement Offer for issue without disclosure to investors under Part 6D.2 of the Act;
- (b) this notice is given by Todd River Resources under section 708AA(2)(f) of the Act as modified by the ASIC Instrument;
- (c) as at the date of this notice, Todd River Resources has complied with;
 - (i) the previous provisions of Chapter 2M of the Act as they apply to Todd River Resources; and
 - (ii) section 674 of the Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in subsections 708AA(8) and (9) of the Act which is required to be disclosed by Todd River Resources under section 708AA(7)(d) of the Act;



- (e) the potential effect of the Entitlement Offer on the control of Todd River Resources, and the consequences of that effect, will depend on a number of factors including investor demand and the extent to which Eligible Shareholders take up their entitlements under the Entitlement Offer;
- (f) having regard to the composition of Todd River Resources' share register, the information contained in the substantial shareholder notices released to ASX, the terms of the underwriting arrangements in place, the nature of the underwriter and sub-underwriters and the terms of the Entitlement Offer, the potential effects that the Entitlement Offer will have on the control of Todd River Resources, and the consequences of that effect, are as follows:

General consequences

- (i) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of Todd River Resources;
- (ii) if some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, this could result in a dilution of those Eligible Shareholders' interests and the interests of Eligible Shareholders who accept their entitlements increasing;
- (iii) the proportional interests of shareholders that are not Eligible Shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer;
- (iv) shareholders who have accepted their entitlement in full may apply for additional new shares under the top-up facility under the Entitlement Offer (**Top-Up Facility**) which may increase their interests beyond their entitlement. This could result in the dilution of holdings of those who failed to accept their entitlements in full and those who failed to apply for additional shares;

Underwriting arrangements, S2 participation and sub-underwriting

- (v) Todd River Resources' largest shareholder is Southern Star Exploration Pty Ltd (a wholly-owned subsidiary of S2 Resources Ltd) (**S2**), which currently has voting power of 19.99%. S2 has agreed to participate in the placement announced on 2 September 2019 (**Placement**) by acquiring a total of 11,959,700 shares which would increase its voting power to approximately 22.99% (post-Placement) in reliance on the "3% creep" exception in item 9 of section 611 of the Act. The Placement is scheduled to complete before the "Record Date" for the Entitlement Offer and S2 will be entitled to participate in the Entitlement Offer in relation to the shares it acquires under the Placement;
- (vi) S2 has provided a firm commitment to the company to take up all of its entitlement under the Entitlement Offer (being 14,078,067 New Shares following the Placement) provided that the underwriting agreement with Hartleys Limited (**Hartleys**) is not terminated. The balance of the Entitlement Offer is fully underwritten by Hartleys and is sub-underwritten by a number of sub-underwriters, including S2 who has agreed to sub-underwrite the Entitlement Offer up to approximately \$854,167 (representing approximately 27,553,783 New Shares). No sub-underwriter is a related party of Todd River Resources and, other than S2, the sub-underwriters are not substantial shareholders of Todd River Resources;
- (vii) in general, if there are significant shortfalls in applications under the Entitlement Offer (including after allocations are made under the Top-Up Facility), Hartleys and the sub-underwriters may acquire a significant number of New Shares, which would lead to an increase in the interests of those investors and a dilution of other holdings. However, it is not anticipated that any person (other than S2) would acquire an interest in 20% or more



of Todd River Resources shares as a result of the satisfaction of their underwriting or sub-underwriting commitments;

(viii) any increase in S2's voting power under the Entitlement Offer will be made in reliance on item 10 of section 611 of the Act (**Item 10 Exception**); and

(ix) the Item 10 Exception does not extend to applications for additional New Shares under the Top-Up Facility under the Entitlement Offer so S2 has confirmed that it will not participate in the Top-Up Facility; and

(g) if all Eligible Shareholders take up their entitlements under the Entitlement Offer and there is no shortfall under the Entitlement Offer, then S2 will, except for shares it may subscribe for pursuant to its entitlement as a shareholder, not be issued with any additional New Shares as sub-underwriter. However, if there is a shortfall under the Entitlement Offer (including after determination of any applications under the Top-Up Facility), S2 may be required to subscribe for additional New Shares up to a maximum of approximately \$854,167 (representing approximately 27,553,783 New Shares). The issue of New Shares to S2 (under the Entitlement Offer and as sub-underwriter (if required)) will have the following potential effect on S2's voting power in the circumstances*:

S2	Current position	Full entitlement taken up and all other shareholders take up their entitlements	Only S2 takes up full entitlement, other shareholders take up 50% of their entitlement and shortfall placed to sub-underwriters (including S2)	Only S2 takes up full entitlement, no other shareholders participate and shortfall placed to sub-underwriters (including S2)
Shares held	30,274,500 (increasing to 42,234,200 following the Placement)	56,312,267	70,089,158	83,866,049
Voting power	19.99% (increasing to 22.99% following the Placement)	22.99%	28.61%	34.24% Maximum voting power

***Notes:** This table assumes that:

(1) all shareholders are eligible shareholders;

(2) S2 is issued a total of 11,959,700 shares under the Placement and the issue of shares under the Placement will occur before the "Record Date" for the Entitlement Offer such that participants in the placement (that are eligible shareholders) will be entitled to participate in the Entitlement Offer in relation to the shares acquired under the Placement; and

(3) a total of 61,235,749 New Shares are issued under the Entitlement Offer. The exact number of New Shares to be issued under the Entitlement Offer will be subject to rounding and determination of entitlements.

No material impact on control

Overall, Todd River Resources does not believe that any person will increase their voting power in the company in a way that will have a material impact on the control of Todd River Resources or Todd River



Resources' future direction or prospects. In particular, Todd River Resources largest shareholder, S2, already has a significant interest in the company (and a nominee on the company's board) and its potential increase in voting power as a result of the Entitlement Offer is not one which the company believes will have a material impact on control in the circumstances (particularly given that it is unlikely that S2 will reach the maximum voting power scenario stated above).

Todd River Resources has taken the following steps to minimise the potential control effects of the Entitlement Offer on the company:

- (a) **Price and size of the raising:** The offer price under the Entitlement Offer is \$0.031 which is the same offer price as offered under the Placement and which is a discount of approximately 13.9% to the last closing price of the company's shares on ASX before announcement of the Entitlement Offer. Todd River Resources considers the offer price is appropriate in the circumstances to encourage shareholder participation. Todd River Resources has also limited the size of the raising to funds it requires to meet its stated objectives.
- (b) **Dispersion Strategy:** The Entitlement Offer contains a Top-Up Facility to enable eligible shareholders who take up their entitlement in full to apply for additional new shares up to a maximum of the number of additional new shares equal to 50% of their entitlement.
- (c) **Underwriting:** Other than in relation to S2's firm commitment to take up its full entitlement under the Entitlement Offer, the Entitlement Offer is fully underwritten by Hartleys on arm's length commercial terms. Hartleys has, in turn, engaged a number of other sub-underwriters to sub-underwrite the Entitlement Offer (in addition to S2).
- (d) **Limited S2 sub-underwriting:** S2's sub-underwriting is capped at a maximum of up to approximately \$854,167 (representing approximately 27,553,783 New Shares out of the total of 47,157,682 underwritten New Shares (subject to rounding and determination of entitlements)) and the maximum extent of S2's voting power as a result of the Entitlement Offer and Placement is 34.24%. This potential voting power figure assumes (among other things) that only S2 takes up its entitlement in full, no other shareholders participate in the Entitlement Offer and all of the shortfall is placed to the sub-underwriters (including S2). Todd River Resources considers this scenario to be largely hypothetical and believes that it is unlikely that no shareholders other than S2 will participate in the Entitlement Offer.

Yours faithfully

Simon Robertson
Company Secretary