

ASX Announcement

30 July 2013

New Substantial Shareholder Rejects the Cauldron Offer

Notification of Intent to Reject Cauldron Offer

Energia Minerals Ltd (Energia) announces that in response to an article that appeared in the West Australian on 27 July 2013, it has received confirmation in writing that its new substantial shareholder, Charles Arve and his associated entities, **DO NOT INTEND TO ACCEPT THE CAULDRON ENERGY LTD (CAULDRON) OFFER** at its current price of 1 share in Cauldron for every 8 shares held in Energia and on its current terms (Cauldron Offer).

This means that Shareholders, who currently represent 53.34% of the issued shares of the Company, have notified the Company of their respective intention to reject the Cauldron Offer at its current price and on its current terms.

Accordingly:

- (a) THE CAULDRON OFFER REMAINS INCAPABLE OF SUCCEEDING; and
- (b) CAULDRON CANNOT OBTAIN CONTROL OF ENERGIA,

unless the Cauldron Offer is amended and the intentions of those remaining persons change.

Extension of Offer Period and Withdrawal Right

On 26 July 2013, Cauldron advised that it has extended the offer period of its takeover offer for Energia to a new closing date of 5pm (WST) Saturday, 16 November 2013.

The extension of the Offer was made without changing any of the terms or conditions of the Offer – the same Offer that your Directors believe undervalues Energia and which the Independent Expert engaged by Energia has determined is **NOT FAIR** and **NOT REASONABLE.**

To date, Cauldron has received acceptances representing only **0.27%** of the issued capital of Energia. The extension provides those few Shareholders who have accepted the Cauldron Offer the opportunity to withdraw that acceptance and retain their shareholding in Energia.

To withdraw your acceptance:

- (a) if your Energia shares are held in a CHESS Holding, please instruct your stock broker to withdraw your acceptance.
- (b) in any other case, advise Cauldron in writing identifying your full name, Security Reference Number (SRN) or Holder Identification Number (HIN) (if applicable) and be signed in the same manner as the acceptance form.

If you have any queries regarding this process or require assistance with your withdrawal documents, please contact Energia on +61 8 9321 5000.

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Board of Directors

Tony lannello Non Executive Chairman Kim Robinson

Managing Director
Max Cozijn

Non Executive Director

lan Walker Non-Executive Director

Bryn Jones Non-Executive Director

Company Secretary

Jamie Armes CFO and Company Secretary

Uncertainty created by Cauldron Converting Loan Agreement another reason to REJECT the Cauldron Offer

On 10 July 2013, Cauldron announced that it had entered into Converting Loan Agreements (**Agreements**) with its two largest shareholders. That announcement did not provide sufficient information for Energia Shareholders to assess the impact of those Agreements on the merits of the Cauldron Offer.

The First Supplementary Bidders Statement lodged by Cauldron nearly 3 weeks later now provides some additional information regarding the effect of these Agreements on the Cauldron Offer.

In short, the uncertainty of the impact of those Agreements on both the capital structure of Cauldron and its financial position is yet another reason why the Directors believe you should REJECT the Cauldron Offer.

Directors believe there is uncertainty because:

- The \$1.5 million lent to Cauldron under the Agreements is convertible into Cauldron shares at a discount
 of 20% to the 10 day volume weighted average closing price of Cauldron shares prior to the shareholder
 approval discussed below.
- This conversion right is subject to the approval of Cauldron shareholders, which approval is not expected to be sought until a meeting is convened on or before 30 November 2013. This may well be after the Cauldron Offer has closed.
- If approval for the conversion is obtained, then it will result in additional dilution for Energia Shareholders to that originally contemplated under the Cauldron Offer. For example, rather than Energia shareholders receiving a maximum of 12.13% of the combined group in return for contributing 51.5% of the combined groups resources, this percentage would reduce to 11.2% if the Cauldron share price is 10 cents at conversion or 10.6% if the Cauldron share price continues to fall to 6 cents.
- If the approval to convert the loans to Cauldron Shares is not obtained, then Cauldron will have a large short term debt and will need to raise further monies to repay it. There is no guarantee that these monies will be raised or if raised will not be raised in a manner causing further dilution to Energia shareholders.

Shareholders are reminded of the quality differences of the respective assets of the two companies, with Energia's Carley Bore deposit being much higher grade and more robust than Cauldron's Bennett Well deposit which will result in lower capital and operating costs for the Carley Bore project and the preferred valuation of 18 cents per Energia share determined by the Independent Expert in the Target Statement (refer Energia Target Statement and ASX releases).

The Directors reiterate their unanimous recommendation that Energia Shareholder should **REJECT** the Cauldron Offer and **TAKE NO ACTION** in relation to all documents sent to them by Cauldron.

For further information contact:

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