

5 April 2019

TAKEOVER UPDATE

- **RIVERSDALE CONTINUES TO ENGAGE WITH A NUMBER OF STRATEGIC PARTIES**
- **RIVERSDALE IS ENCOURAGED BY THE INTEREST TO DATE AND IS ACTIVELY WORKING TOWARDS PROCURING OFFERS IN THE COMING MONTHS**
- **THE INDEPENDENT DIRECTORS CONTINUE TO UNANIMOUSLY RECOMMEND THAT SHAREHOLDERS REJECT THE HANCOCK OFFER**
- **THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE HANCOCK OFFER IS NOT FAIR AND NOT REASONABLE AND THAT A FAIR MARKET VALUE IS \$2.56 - \$3.05 PER SHARE**
- **IF YOU ACCEPT THE HANCOCK OFFER YOU WILL LOSE THE ABILITY TO BENEFIT FROM A POTENTIAL SUPERIOR PROPOSAL SHOULD ONE EVENTUATE**

Dear Riversdale Shareholder,

Last **Thursday the 28th of March**, Riversdale released its Target's Statement in response to the unconditional off-market takeover offer (**Hancock Offer**) from Hancock Corporation Pty Ltd a wholly-owned subsidiary of Hancock Prospecting Pty Ltd (**Hancock**). This has been published on the Riversdale website (<http://www.rivresources.com/site/offer-information/hancock-offer>) and should have arrived to your registered address by courier mail.

The Independent Directors unanimously recommend that shareholders REJECT the Hancock Offer

In the Target's Statement the Independent Directors¹ unanimously recommended that Riversdale Shareholders **reject the Hancock Offer** as it **materially undervalues Riversdale and does not represent fair value** for your Riversdale Shares. The Independent Directors recognised that the Hancock Offer (which closes on 14 April at 7:00pm Sydney time, unless extended) provides Riversdale Shareholders with a liquidity option which may not be available for some time in the foreseeable future.

The Independent Expert assessed fair market value at \$2.56 to \$3.05 per Riversdale Share significantly above the Hancock Offer of \$2.20 per Riversdale share

The **Independent Expert has assessed the fair market value** of a Riversdale Share to be between **\$2.56 to \$3.05** per Riversdale Share and has concluded that the Offer Price of \$2.20 per Riversdale share is **NOT FAIR AND NOT REASONABLE** to Riversdale Shareholders.

A copy of the Independent Expert's Report is appears as Annexure B of the Target's Statement.

¹ The Independent Directors are all Directors other than Mr Tad Watroba who did not make a recommendation in relation to the Hancock Offer. This is because he is also a director of Hancock Corporation Pty Ltd and he has declared a conflict in relation to Riversdale's response to the Hancock Offer, including the Board's recommendation in relation to the Hancock Offer.

Riversdale continues to engage with a number of strategic parties

In my letter sent to Shareholders on the 21st of March, I noted that a number of interested parties had signed confidentiality agreements and were undertaking due diligence on Riversdale and the Grassy Mountain Project.

The Independent Directors are encouraged by the quality of engagement to date with strategic parties, who have dedicated large technical and commercial teams to complete their diligence on Riversdale. The interest received has confirmed the Independent Directors' view of the strategic value of the Grassy Mountain Project given the scarcity of high quality coking coal assets. The Independent Directors are actively working with these parties, including facilitating the next phase of due diligence (such as site visits), with the intention of procuring superior offers in the coming months. This process will continue for some time after the Hancock Offer closes. There can, however, be no assurance that a superior offer will eventuate before or after the Hancock Offer closes.

The Independent Directors continue to progress the Grassy Mountain Project

In light of the intention statements from RCF and Regal the Independent Directors do not expect that Hancock will obtain control of Riversdale by 14 April 2019, being the end of the Hancock Offer, unless extended by Hancock.

Riversdale will continue to prioritise all matters required for permitting, development, construction and financing of the Grassy Mountain Project. Riversdale will continue to progress strategic discussions with suppliers, infrastructure providers and key contractors.

Riversdale continues to optimise the financing structure for the development and construction of the Grassy Mountain Project. Discussions with senior lenders are well progressed and the Board will consider equity funding options as well as financing and joint ventures at the project level.

Riversdale has a highly qualified team with the recent hiring of the Project Manager, Maintenance Manager and Sr. Mining Engineer and is now well staffed to progress detailed construction plans. The Board is continuing its search for a new Managing Director and is encouraged by the number and quality of candidates being considered.

The Riversdale Board will continue to focus on meeting key milestones on the Grassy Mountain Project so as to deliver value to Riversdale shareholders.

Yours Sincerely,



Gary Lawler
Chairman
Riversdale Resources