

# KING & WOOD MALLESONS

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27 September 2019

To Mr Mark Clements  
Company Secretary  
MOD Resources Limited  
1304 Hay Street  
West Perth WA 6005

Market Announcements Office  
ASX Limited  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

**By fax: 08 9322 8077**

**By fax: 1300 135 638**

## MOD Resources Limited - Notice of initial substantial holder

We act for Athos Capital Limited ("**Athos**").

On behalf of Athos, we submit a Form 603: Notice of initial substantial holder in respect of MOD Resources Limited.

Please contact me if you have any questions.

Yours sincerely



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This communication and any attachments are confidential and may be privileged.

## Form 603

Corporations Act 2001  
Section 671B

### Notice of initial substantial holder

To Company Name/Scheme MOD RESOURCES LIMITED

ACN/ARSN ACN 003 103 544

#### 1. Details of substantial holder (1)

Name Athos Capital Limited

ACN/ARSN (if applicable) \_\_\_\_\_

The holder became a substantial holder on 27 September 2019

#### 2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary shares	24,869,165	24,869,165	7.31%

In addition to the above relevant interest, the substantial holder also holds a long position in MOD Resources Limited via cash-settled equity swaps over 17,006,731 shares in MOD Resources Limited as described in the letter sent by the substantial holder to MOD Resources Limited on 25 September 2019 and released to the Australian Securities Exchange on the same date, a copy of which is annexed to this notice as Annexure A.

#### 3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Athos Capital Limited	Voting rights and right to dispose as fund manager of the following funds for which it holds this relevant interest: Athos Asia Event Driven Master Fund	24,869,165 ordinary shares

#### 4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Athos Capital Limited	HSBC Custody Nominees (Australia) Limited	Athos Capital Limited	24,869,165 ordinary shares

#### 5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-Cash	
Athos Capital Limited	27 September 2019	AUD 10,569,395.13		24,869,165 ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Athos Capital Limited	8 <sup>th</sup> Floor, 8 Queen's Road Central Hong Kong
Athos Asia Event Driven Master Fund	c/o Athos Capital Limited, 8 <sup>th</sup> Floor, 8 Queen's Road Central Hong Kong

Signature

print name

Hitesh Uttam

Capacity

Chief Operating Officer


sign here



date 27 / Sep / 2019

## ANNEXURE 'A'

This is Annexure 'A' of 4 pages referred to in Form 603 (Notice of initial substantial holder), signed by me and dated 27 September 2019.



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Hitesh Uttam  
Chief Operating Officer

**ATHOS CAPITAL**

25 September 2019

Mr Mark Clements  
Company Secretary  
MOD Resources Limited  
1304 Hay Street  
West Perth WA 6005

Dear Mr Clements

**Equity Derivatives of Athos Capital Limited in MOD Resources Limited**

Following recent discussions with the Australian Securities and Investments Commission ("**ASIC**"), at ASIC's request Athos Capital Limited ("**Athos**") is now providing formal disclosure pursuant to *Guidance Note 20: Equity Derivatives* ("**GN 20**") with respect to Athos' long exposure in MOD Resources Limited ("**MOD**") via cash-settled equity swap transactions ("**Swaps**") with Credit Suisse AG, Dublin ("**CS Dublin**") and Morgan Stanley & Co International PLC ("**MS**"). Athos consents to MOD releasing the information contained in this formal disclosure to the market and Australian Securities Exchange. Please provide confirmation to us once this has been released the market.

**Athos Capital Limited**

Athos is a Hong Kong-based investment management company established in 2011 that focusses on managing alternative asset management products for institutional investors globally in a variety of market-uncorrelated investment strategies. Its clients primarily include pension funds, university endowments and non-profit institutions. The funds it manages include the Athos Asia Event Driven Master Fund (the "**Master Fund**"), which follows a variety of equity and credit-related strategies, and FMAP ACL Limited, which is a separate investment vehicle that invests *pari passu* to the Master Fund subject to certain additional investment restrictions.

**Current position**

As at the date of this letter, Athos' aggregate long exposure to MOD totals 41,875,896, equating to approximately 12.31% of MOD's shares. The Swaps are the totality of Athos' exposure to MOD and as such carry no voting rights.

**Trading history**

Athos' long position in MOD includes Swaps entered into with MS between 25 June 2019 and 24 July 2019 over approximately 5.56% of MOD's shares and Swaps entered into with CS Dublin between 9 August 2019 and 20 August 2019 over approximately 6.75% of MOD's shares. Please refer to "Appendix 1 – MOD Trading History" for Athos' trading in MOD since its initial purchase on 25 June 2019. Athos' long exposure exceeded 10% of the shares in MOD on 19 August 2019 and 5% on 17 July 2019.

Athos took a long position in MOD to obtain economic exposure to the spread between the consideration payable by Sandfire Resources NL to MOD Shareholders ("**Scheme Consideration**") under the proposed

scheme of arrangement under which Sandfire Resources NL is set to acquire 100% of MOD's shares ("**Scheme**") and the market price of MOD's shares in the period between announcement and implementation of the Scheme. To this end, each of MS and CS Dublin had conferred with Athos to determine what cash election it preferred for the purposes of determining what consideration Athos might be entitled to under the terms of the Swaps if the Scheme were implemented (with Athos indicating that they preferred a cash election).

Athos did not take a long position in MOD's shares with the intention to affect the outcome of the Scheme.

Given the purpose for which the Swaps were entered into, Athos considered that it was not required to disclose its long exposure to MOD's shares under the Swaps. ASIC has subsequently written to Athos to outline its view that Athos is required to disclose its long position in MOD in accordance with GN 20.

#### **Future actions**

In accordance with a request from ASIC, Athos has:

- agreed with:
  - CS Dublin to unwind Swaps over 22,959,123 shares in MOD (equating to approximately 6.75% of MOD's shares) and to acquire from CS Dublin 22,959,123 shares in MOD; and
  - MS to unwind Swaps over 1,910,042 shares in MOD (equating to approximately 0.56% of MOD's shares) and to acquire from MS 1,910,042 shares in MOD,(the shares acquired from CS Dublin and the shares acquired from MS being the "**Hedge Shares**");
- confirmed that it will not enter into any further swaps or derivatives in relation to MOD prior to implementation of the Scheme nor make any direct or indirect purchase of, or otherwise acquire a relevant interest in, MOD's shares (other than the Hedge Shares) prior to implementation of the Scheme; and
- undertaken to refrain from voting the Hedge Shares at the meeting of MOD shareholders to vote on the Scheme.

Settlement of the transactions mentioned above is expected to occur on 27 September 2019. A substantial holder notice in relation to the transactions will be lodged in due course with the Australian Securities Exchange.

Once settlement has occurred, Athos' aggregate long exposure to MOD under Swaps will total 17,006,731 (equating to approximately 5% of MOD's shares) and Athos will hold 24,869,165 shares in MOD (equating to approximately 7.31% of MOD's shares). Athos's aggregate long exposure (both through Swaps and its physical holding) will remain unchanged at approximately 12.31%.

Athos also notes that given it has acquired the Hedge Shares after the last date for making a cash election under the Scheme (being 19 September 2019), it will not be able to make a cash election. Athos is not aware of the impact this may have on the Scheme as it is unaware of elections that CS Dublin and MS made with respect to the shares.

We are available to answer any questions you may have and to provide any further information.

Yours sincerely,



Hitesh Uttam  
Chief Operating Officer

## Appendix 1 – MOD Trading History

Trade Date	Fund	Direction	Security Name	Quantity	Net Price	Currency	Counterparty
06-25-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	40,840	0.4004	AUD	Morgan Stanley & Co International PLC
06-25-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	89,029	0.4004	AUD	Morgan Stanley & Co International PLC
06-25-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	518,094	0.4056	AUD	Morgan Stanley & Co International PLC
06-25-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	1,129,425	0.4057	AUD	Morgan Stanley & Co International PLC
06-26-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	1,100,643	0.4045	AUD	Morgan Stanley & Co International PLC
06-26-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	2,399,357	0.4045	AUD	Morgan Stanley & Co International PLC
06-26-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	510,785	0.4101	AUD	Morgan Stanley & Co International PLC
06-26-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	1,113,489	0.4102	AUD	Morgan Stanley & Co International PLC
06-26-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	825,531	0.4109	AUD	Morgan Stanley & Co International PLC
06-26-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	1,799,624	0.4109	AUD	Morgan Stanley & Co International PLC
06-27-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	210,840	0.4171	AUD	Morgan Stanley & Co International PLC
06-27-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	459,623	0.4172	AUD	Morgan Stanley & Co International PLC
06-28-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	363,399	0.4201	AUD	Morgan Stanley & Co International PLC
06-28-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	792,195	0.4202	AUD	Morgan Stanley & Co International PLC
07-02-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	29,315	0.4251	AUD	Morgan Stanley & Co International PLC
07-02-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	63,905	0.4252	AUD	Morgan Stanley & Co International PLC
07-10-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	81,211	0.4251	AUD	Morgan Stanley & Co International PLC
07-10-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	177,036	0.4252	AUD	Morgan Stanley & Co International PLC
07-11-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	1,415,113	0.4237	AUD	Morgan Stanley & Co International PLC
07-11-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	3,084,887	0.4237	AUD	Morgan Stanley & Co International PLC
07-11-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	9,601	0.4251	AUD	Morgan Stanley & Co International PLC
07-11-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	19,775	0.4252	AUD	Morgan Stanley & Co International PLC
07-15-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	175,772	0.4252	AUD	Morgan Stanley & Co International PLC
07-15-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	362,044	0.4253	AUD	Morgan Stanley & Co International PLC
07-16-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	61,516	0.4251	AUD	Morgan Stanley & Co International PLC
07-16-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	126,708	0.4252	AUD	Morgan Stanley & Co International PLC
07-18-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	378,185	0.4354	AUD	Morgan Stanley & Co International PLC
07-18-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	778,963	0.4354	AUD	Morgan Stanley & Co International PLC
07-18-2019	FMAP ACL Limited	Buy	Equity Swap referencing MOD RESOURCES LTD	48,981	0.4328	AUD	Morgan Stanley & Co International PLC
07-18-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	100,887	0.4329	AUD	Morgan Stanley & Co International PLC
07-24-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	650,000	0.4322	AUD	Morgan Stanley & Co International PLC
08-09-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	204,844	0.4091	AUD	Credit Suisse AG, Dublin
08-12-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	346,000	0.4054	AUD	Credit Suisse AG, Dublin

08-13-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	5,028,486	0.4001	AUD	Credit Suisse AG, Dublin
08-14-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	784,569	0.4004	AUD	Credit Suisse AG, Dublin
08-15-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	152,925	0.3954	AUD	Credit Suisse AG, Dublin
08-16-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	1,050,000	0.3899	AUD	Credit Suisse AG, Dublin
08-19-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	7,500,000	0.3904	AUD	Credit Suisse AG, Dublin
08-19-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	392,299	0.3904	AUD	Credit Suisse AG, Dublin
08-20-2019	Athos Asia Event Driven Master Fund	Buy	Equity Swap referencing MOD RESOURCES LTD	7,500,000	0.3952	AUD	Credit Suisse AG, Dublin