

## TAKEOVER OFFER FOR GASCOYNE

### IMPROVED OFFER CONSIDERATION

Westgold Resources Limited (**Westgold**) (ASX: WGX) notes the Media Release from the Takeovers Panel on 22 October 2021 not to conduct proceedings in relation to the affairs of Gascoyne Resources Limited (**Gascoyne**).

To assist the Board of Gascoyne to reconsider and change its recommendation and take steps to allow its shareholders the opportunity to participate in the Offer, Westgold is prepared to provide the Improved Offer Consideration set out below to its takeover offer for all of the shares in Gascoyne pursuant to its Bidder's Statement dated 15 October 2021 (**Offer**).

#### Improved Offer Consideration

Subject to Westgold obtaining a relevant interest in at least 50.1% of Gascoyne shares by no later than 7.00pm Sydney time on the closing date of the Offer (**Improved Consideration Condition**), Westgold will increase the Offer consideration with Gascoyne Shareholders to be offered 3 Westgold shares for every 11 Gascoyne shares held (**Improved Offer Consideration**).

The current Offer consideration is 1 Westgold share for every 4 Gascoyne shares (**Existing Offer Consideration**) held, with such Offer remaining conditional on all of the conditions set out in section 7.2 of the Bidder's Statement dated 15 October 2021. The Bidder's Statement is scheduled to be despatched to Gascoyne Shareholders, and the Offer to open, on 29 October 2021.

Once Westgold receives a relevant interest of at least **50.1%**, and subject to satisfaction of the condition in section 7.2(a) of the Bidder's Statement (being that the Firefly Scheme does not proceed) Westgold intends to declare the Offer **immediately unconditional**.

Upon the Improved Consideration Condition being met, the Offer will be formally varied to increase the consideration to the Improved Offer Consideration. Conversely, the Existing Offer Consideration will be payable unless the Improved Consideration Condition is satisfied.

**The Improved Offer Consideration represents a significant increase in value related to the Existing Offer Consideration<sup>1</sup> and provides an enhanced premium for Gascoyne shareholders, beyond the already attractive premium offered under the Offer as contemplated by the Bidder's Statement.**

The Improved Offer Consideration values Gascoyne at **\$0.53 per share**, which implies a **\$133.5m** total transaction enterprise value<sup>2</sup>.

<sup>1</sup> Being 1 Westgold share for every 4 Gascoyne shares, as set out in the Bidder's Statement dated 15 October 2021.

<sup>2</sup> Based on the total (undiluted) share capital of Gascoyne of 251,042,964 ordinary shares on issue and excludes any new Gascoyne shares to be issued upon exercise or vesting of Gascoyne Performance Rights



## Executive Director Wayne Bramwell commented:

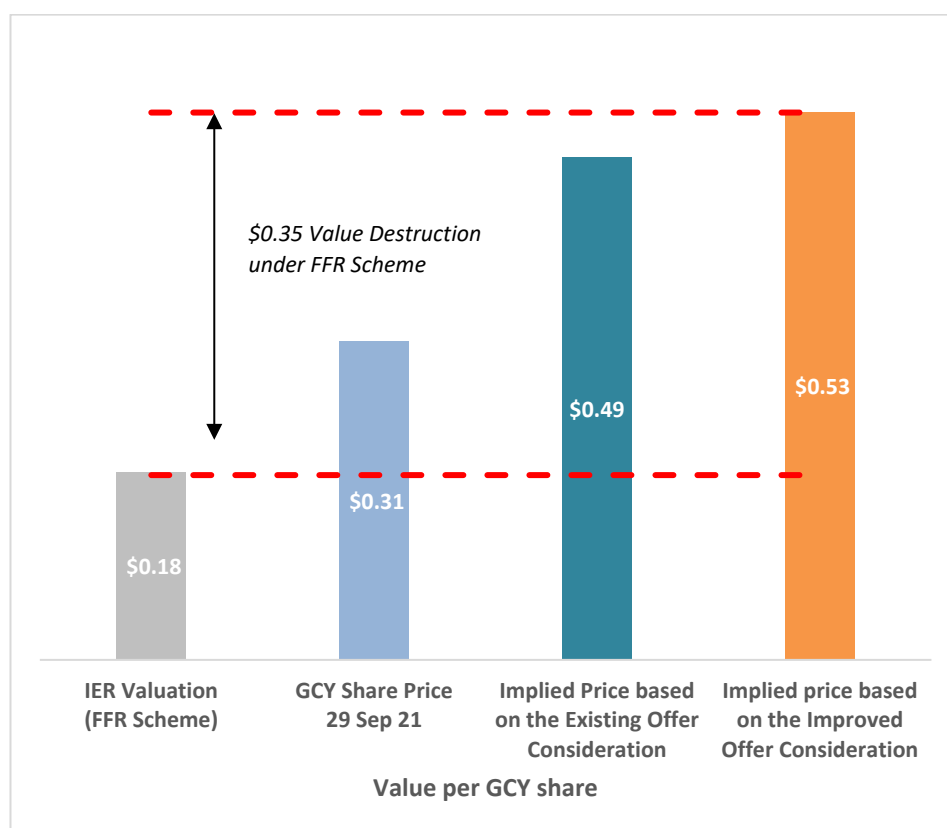
*“Dalgara is just one infrastructure option for Westgold to expand and there is a price where building a new larger processing hub at Cue unlocks greater value for Westgold shareholders.*

*Westgold is offering Gascoyne’s loyal shareholders a tangible and immediate growth path to value creation, as opposed to what Westgold considers to be the value destructive merger with Firefly, with all its associated risks.*

*Unlike Gascoyne, Westgold can afford to be patient but it’s now time for the Gascoyne Board to put its shareholders’ interests first and reconsider our Offer, and if it still so determines definitively state why our bid is not a superior proposal.”*

|                                                                                         | Existing Offer Consideration | Improved Offer Consideration <sup>1</sup> |
|-----------------------------------------------------------------------------------------|------------------------------|-------------------------------------------|
| Offer Ratio                                                                             | 1 for 4                      | 3 for 11                                  |
| Implied Gascoyne Share Price <sup>2</sup>                                               | \$0.49                       | <b>\$0.53</b>                             |
| Premium to Gascoyne Last Close as at 22 October 2021 (\$0.39)                           | 25.0%                        | <b>36.4%</b>                              |
| Premium to Gascoyne 30 day VWAP as at 22 October 2021 (\$0.38) <sup>3</sup>             | 29.8%                        | <b>41.6%</b>                              |
| Premium to Undisturbed Gascoyne Share Price Pre Westgold announcement of Offer (\$0.31) | 57.3%                        | <b>71.6%</b>                              |

1. Subject to the Improved Consideration Condition being satisfied (and therefore, the current Existing Offer Consideration will be paid unless the Improved Consideration Condition is satisfied).
2. Based on Westgold’s closing share price of \$1.95 on 22 October 2021
3. Based on the 30 days preceding, and inclusive of, 22 October 2021





The Offer provides the opportunity for Gascoyne shareholders to become part of a financially stronger company with significant and proximate Western Australian operations, a high quality team with a proven focus on cashflow generation, as more particularly set out in the Bidder's Statement.

Westgold further expects that Gascoyne shareholders will also benefit from a potential share price rerate following the completion of the successful acquisition of Gascoyne by Westgold.

Further disclosure of the Improved Offer Consideration, and the impacts on the merged group (including capital structure and proforma financial information) will be provided in a supplementary bidder's statement as soon as practicable after dispatch of the Bidder's Statement.

### **Intention to Waive Bid Conditions**

The Offer remains subject to all of the defeating conditions set out in the Bidder's Statement (refer section 7.2). However, once Westgold reaches a relevant interest of at least 50.1% of Gascoyne shares, and subject to the satisfaction of the Firefly Scheme not proceeding condition (refer section 7.2(a) of the Bidder's Statement) it intends to immediately declare the Offer unconditional.

Westgold will make the payment of the improved Offer consideration to Gascoyne Shareholders, consistent with the timing and method disclosed in the Bidder's Statement.

The offer period is scheduled to open on 29 October 2021 and close at 7pm Sydney time on 29 November 2021, unless otherwise extended or withdrawn. To be eligible for the Improved Offer Consideration, the Improved Consideration Condition will need to be satisfied, being that Westgold reaches a relevant interest in at least 50.1% of Gascoyne shares by 7.00pm Sydney time on the closing date of the Offer.

### **Shareholder Intention Statements**

Westgold is pleased to advise that it has received shareholder intention statements from two of Gascoyne's key shareholders in relation to the Offer<sup>3</sup>. First Sentier Investors Holdings Pty Ltd (**First Sentier**) and HGM Resources Pty Ltd (**HGM**) (together holding interests in 10.69% of Gascoyne) have stated that, in the absence of a superior proposal, they intend to accept, or direct any relevant nominee or associate to accept, the Westgold Offer.

First Sentier and HGM have reserved their rights to accept a superior proposal from any other bidder for Gascoyne.

### **Compelling Rationale for Gascoyne Shareholders to Consider Westgold Improved Offer Consideration**

Westgold continues to urge Gascoyne shareholders to exert their rights by demanding that their Board act in shareholders' best interests and provide them an opportunity to consider and participate in the Westgold Offer. Westgold repeats the compelling arguments put forward in the Bidder's Statement dated 15 October 2021:

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<sup>3</sup> First Sentier, together with its associates holds 25,174,140 shares in Gascoyne, comprising 10.04% of total Gascoyne shares on issue. HGM, together with its associate (Mr Jiye Yang), hold 1,625,432 shares in Gascoyne, comprising 0.65% of total Gascoyne shares on issue. The statements of intent were given based on the Existing Offer Consideration, and consent was provided for Westgold to refer to these statements publicly.



- You will become a shareholder in Westgold, a profitable, financially secure company in the GDX<sup>4</sup> with strong trading liquidity that has an expanding platform of established gold mines in the Murchison Region of Western Australia
- You will receive an attractive premium and value for your Gascoyne shares
- You will benefit from owning shares in a dynamic, growth oriented regional gold miner
- The Offer removes significant funding and technical risks associated with sustaining the Dalgaranga operation and addresses Gascoyne's weakening financial position
- In the absence of the Offer, Gascoyne shareholders face imminent capital requirements to sustain Dalgaranga and develop Melville and further material equity dilution to fund the recently announced enhanced business plan
- You will share in the additional value available to be unlocked from the significant operational and financial synergies between Westgold and Gascoyne
- The Offer is conditional on the highly dilutive proposed Firefly Scheme not proceeding
- You may be eligible for capital gains rollover relief and will not incur costs associated with your acceptance of Westgold's Offer
- The Gascoyne share price may fall if the Offer is unsuccessful – particularly if the Firefly Scheme is allowed to proceed

### Outcome of Takeover Panel Decision

As noted above, Westgold acknowledges the Takeovers Panel decision not to proceed to conduct proceedings in respect of Gascoyne, as announced on 22 October 2021<sup>5</sup>.

Westgold intends to seek a review (subject to the required consent of the Panel President) of this decision.

**THIS ANNOUNCEMENT IS AUTHORISED FOR RELEASE TO THE ASX BY LISA SMITH, COMPANY SECRETARY.**

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### FORWARD LOOKING STATEMENTS

Certain statements in this report relate to the future, including forward looking statements relating to Westgold's financial position and strategy. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Westgold to be materially different from future results, performance or achievements expressed or implied by such statements. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and deviations are both normal and to be expected. Other than required by law, neither Westgold, their officers nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements will actually occur. You are cautioned not to place undue reliance on those statements.

<sup>4</sup> Being a company the Gold ETF's and Quant Funds invest in and track the world's leading gold stocks.

<sup>5</sup> TP announcement dated 22 October 2021