



Carawine Resources Limited

ACN 611 352 348

First Supplementary Target's Statement

This First Supplementary Target's Statement has been issued in response to the on-market takeover bid made by QGold Pty Ltd (ACN 149 659 950) for all of the ordinary shares in Carawine Resources Limited (ACN 611 352 348) for \$0.21 per ordinary share.

**THE CARAWINE DIRECTORS UNANIMOUSLY
RECOMMEND THAT YOU ACCEPT THE OFFER
FROM QGOLD IN THE ABSENCE OF A
SUPERIOR PROPOSAL**

To accept QGold's Offer follow the instructions set out in section 2 of the Bidder's Statement.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read all of this document. If you are in any doubt as to how to deal with this document, you should consult your investment, financial, taxation or other professional advisor immediately.

Legal Adviser

STEINPREIS PAGANIN
Lawyers & Consultants 

Corporate Adviser


BRIDGE STREET
CAPITAL PARTNERS

First Supplementary Target's Statement

This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth) (**Corporations Act**). It is the first supplementary target's statement (**First Supplementary Target's Statement**) issued by Carawine Resources Limited (ACN 611 352 348) (**Carawine** or the **Company**) in relation to the on-market takeover bid made by QGold Pty Ltd (ACN 149 659 950) (**QGold** or the **Bidder**) on 22 February 2022 for all the ordinary shares in Carawine which the Bidder (or its Associates) does not already own or control.

This First Supplementary Target's Statement supplements, and should be read together with, Carawine's target's statement dated 8 March 2022 (**Original Target's Statement**).

This First Supplementary Target's Statement is dated 26 April 2022. A copy of this First Supplementary Target's Statement has been lodged with ASIC and given to the ASX on 26 April 2022. Neither ASIC, the ASX nor any of their respective officers takes any responsibility for the contents of this First Supplementary Target's Statement.

Unless the context otherwise requires, terms defined in the Original Target's Statement have the same meaning as in this First Supplementary Target's Statement.

This First Supplementary Target's Statement prevails to the extent of any inconsistency with the Original Target's Statement.

A copy of this First Supplementary Target's Statement will be available on Carawine's website at www.carawine.com.au or Carawine's ASX Announcement page at www.asx.com.au (ASX Code: CWX).

This First Supplementary Target's Statement provides an update on certain material information relevant to Carawine Shareholders in their consideration of the Offer.

The Board of Carawine recommends that you **ACCEPT the Offer in the absence of a superior proposal.**

This is an important document. If you do not understand it or are in doubt as to how to act, you should consult your investment, financial, taxation or other professional advisor immediately.

If you have recently sold all of your Carawine Shares, please disregard this document.

If you require further information or have any queries in relation to QGold's Offer as a Carawine Shareholder, please contact the Offer Information Line on 1800 500 710 between 8:30am and 8:00pm (Sydney time) Monday to Friday.

1. **RELEVANT INTEREST OF QGOLD AND ITS ASSOCIATES IN CARAWINE NOW EXCEEDS 50%**

On 21 April 2022, the Relevant Interest of QGold, and its Associates, in Carawine Shares increased from below 50% to approximately 55.62% of the total Carawine Shares on issue¹.

As at the date of this First Supplementary Target's Statement (and not accounting for any Carawine Shares acquired by QGold on-market under the Offer during the course of trading on 26 April 2022), the Relevant Interest of QGold, and its Associates, in Carawine Shares has further increased to 88,904,197 Shares, representing approximately 64.50% of the total Carawine Shares on issue².

QGold has therefore acquired a majority holding in Carawine, regardless of any further acceptances under the Offer.

The Offer was previously scheduled to close at 4:00pm (AEDT) on 22 April 2022. However, as QGold's Voting Power in Carawine increased to more than 50% within the last 7 days of the Offer Period, the Offer Period has been automatically extended pursuant to section 624(2) of the Corporations Act so that the Offer remains open for acceptance until 4:00pm (AEDT) on 5 May 2022, unless further extended in accordance with the Corporations Act³.

QGold will also acquire Carawine Shares pursuant to all further acceptances under the Offer validly received before the close of the Offer Period.

2. **DIRECTORS NOW RECOMMEND TO ACCEPT THE OFFER**

Your Carawine Directors recommend that you ACCEPT the Offer in the absence of a superior proposal, given that QGold has now acquired a majority and controlling stake in Carawine.

Carawine Shareholders who do not accept the Offer will remain minority shareholders in Carawine, unless QGold proceeds with compulsory acquisition (assuming it becomes entitled to do so).

Risks of being a minority shareholder

The Board of Carawine considers the implications of remaining a minority shareholder in Carawine to be a sufficient incentive to ACCEPT the Offer.

The risks of being a minority shareholder in Carawine are outlined in the Original Target's Statement (refer to sections 2.3(d) and 3.11 of the Original Target's Statement). The key risks include:

- (a) QGold may be in a position to significantly alter the structure and strategic direction of Carawine by casting the majority of votes at a general meeting of Carawine. This will enable QGold to control the

¹ Refer to QGold's Form 604 - notice of change of interests of substantial holder dated 22 April 2022.

² Refer to QGold's Form 604 - notice of change of interests of substantial holder dated 26 April 2022 and QGold's notice under section 624(2) of the Corporations Act (notification of automatic extension of offer period) dated 26 April 2022.

³ Refer to QGold's notice under section 624(2) of the Corporations Act (notification of automatic extension of offer period) dated 26 April 2022.

composition of the Carawine Board and senior management and determine Carawine's fund raising plans and dividend policy;

- (b) the liquidity of Carawine Shares may be lower than at present, as outlined in section 2.3(a) of the Original Target's Statement;
- (c) the price of Carawine Shares may fall immediately following the end of the Offer Period and it is unlikely that the price of Carawine Shares will contain any takeover premium. This may be enhanced by any lack of liquidity of Carawine Shares; and
- (d) the majority of Carawine's institutional shareholders have now accepted into the Offer and there may be limited future institutional support for Carawine Shares.

Carawine Shareholders should refer to section 3.11 of the Original Target's Statement for further details on the possible consequences of remaining a minority shareholder in Carawine.

QGold has made a number of statements regarding its intentions upon acquiring a Relevant Interest in more than 50.1%, but less than 90%, of the Carawine Shares (refer to section 5.3 of the Bidder's Statement). Specifically, the Bidder has indicated at section 5.3 of the Bidder's Statement that, among other things:

- (a) it may proceed to acquire additional Carawine Shares under the 3% "creep" provisions of the Corporations Act and/or as permitted by the Corporations Act as part of any future capital raising undertaken by Carawine; and
- (b) if it becomes entitled to give notices to compulsorily acquire any outstanding Carawine Shares in accordance with section 664C of the Corporations Act as a result of additional Carawine Shares, the Bidder intends to give such notices.

Carawine Shareholders should consider section 5.3 of the Bidder's Statement for details of the Bidder's intentions upon acquiring a Relevant Interest in more than 50.1%, but less than 90%, of the Carawine Shares.

These intentions are of particular importance to Carawine Shareholders in their consideration of the Offer given that QGold has now acquired a stake of more than 50.1% in Carawine.

Reasons to ACCEPT the Offer

In addition to the risks of remaining a minority shareholder in Carawine, your Carawine Directors also note the following reasons for their updated recommendation:

- (a) **Certainty of price and liquidity constraints:** the certainty for Carawine Shareholders to receive \$0.21 per Share in cash, in the face of the possible uncertainties arising from QGold acquiring a majority and controlling stake in Carawine and possible liquidity constraints, may be attractive to Carawine Shareholders;
- (b) **Carawine Share price may fall:** there is a risk that the Carawine Share price may fall following completion of the Offer;

- (c) **QGold's Offer declared last and final:** on 6 April 2022, QGold issued a supplementary bidder's statement in relation to the Offer (**Supplementary Bidder's Statement**) declaring its Offer Price of \$0.21 cash per Share to be last and final. Accordingly, there is no longer considered any prospect that QGold will increase the Offer Price;
- (d) **No superior proposal has emerged:** since the announcement of the Offer on 22 February 2022, no competing proposal has emerged and the Directors are not aware of any other proposal that might be made as an alternative to the Offer prior to the end of the Offer Period. There can be no assurances that any superior proposal will emerge. Given that QGold has now acquired a majority and controlling stake in Carawine, any person proposing to make a competing proposal would need to gain the support of QGold to acquire 100% of Carawine. As a result of QGold acquiring a majority and controlling stake in Carawine, it is reasonable to conclude that this will likely deter any potential alternate bidders and the probability of a superior proposal emerging has declined;
- (e) **Increase of QGold's controlling stake:** QGold will also acquire Carawine Shares pursuant to all further acceptances under the Offer validly received before the close of the Offer Period, noting that the Offer is not subject to any conditions. Accordingly, QGold's majority and controlling stake in Carawine could materially increase in the short term;
- (f) **Changes to the current Board of Carawine:** as stated in section 5.3 of the Bidder's Statement, QGold intends to seek to re-constitute the Board of Directors of Carawine upon acquiring between 50.1% and 90% of Carawine, to reflect its majority ownership in the Company. There can be no assurances that the Carawine Board members will be retained by QGold or that some or all of the Carawine Board members will not resign from their position as Directors as a result of QGold acquiring control of Carawine. As at the date of this First Supplementary Target's Statement, none of the Carawine Directors have made a decision to resign as a Director, although this remains a possibility; and
- (g) **Farm-in and joint venture arrangements:** as set out in section 8.1 of the Original Target's Statement, the Thunderstruck JV Agreement and the West Paterson JV Agreement (together, the **JV Agreements**) contain change of control provisions which, if triggered, entitle the counterparties to the JV Agreements to buy-out Carawine's interests in the associated assets the subject of the JV Agreements at fair market value. The Board of Carawine is satisfied that as a result of QGold, and its Associates, acquiring a Relevant Interest of more than 50% in Carawine on 21 April 2022, Carawine has undergone a 'change of control' for the purposes of both of the JV Agreements (**Change of Control Event**). Accordingly, as a result of the Change of Control Event, it is possible that:
- (i) Thunderstruck may exercise its rights to acquire Carawine's interests in the tenements and/or the joint venture the subject of the Thunderstruck JV Agreement; and
 - (ii) Rio Tinto may exercise its rights to acquire Carawine's interests in the assets, the joint venture and/or the West Paterson JV Agreement.

The Board of Carawine intends to give notice to each of Thunderstruck and Rio Tinto of the Change of Control Event in accordance with the JV

Agreements (refer to section 8.1 of the Original Target's Statement), Carawine cannot speculate on whether Thunderstruck and/or Rio Tinto will exercise their respective rights referred to above.

Consequences of ACCEPTING the Offer

The Carawine Directors note that there remain a number of disadvantages to accepting the Offer, which were outlined as reasons to initially reject the Offer as stated in the Original Target's Statement (refer to sections 2.2(d) and 3.9(b) and (e) of the Original Target's Statement).

These disadvantages primarily relate to you no longer having any exposure to Carawine's assets and operations and any potential upside in Carawine and its exploration projects resulting from exploration success. Carawine and its earn-in and joint venture partners continue to explore its projects (which are summarised at section 6.1 of the Original Target's Statement), and results of current and future programs are pending which may provide compelling upside drivers.

Intentions of Directors in relation to the Offer

Each Carawine Director will ACCEPT the Offer in relation to all Carawine Shares held or controlled by, or on behalf of, that Carawine Director or their Associates.

As a result of each of the Carawine Directors and their Associates accepting into the Offer, the Relevant Interest of QGold, and its Associates, in Carawine will increase by a further 1.81% (in aggregate).

Mr Boyd does not intend to exercise any Options held or controlled by him or his associates during the Offer Period.

3. INCENTIVE OPTIONS

The Company currently has a total of 7,750,000 Incentive Options on issue, as set out in section 8.2 of the Original Target's Statement.

As at the date of this First Supplementary Target's Statement, 375,000 Incentive Options have not vested (**Unvested Incentive Options**). The remaining Incentive Options on issue have either vested or were not issued subject to any vesting conditions.

The Board of Carawine is satisfied that as a result of QGold, and its Associates, acquiring a Relevant Interest of more than 50% in Carawine on 21 April 2022, Carawine has undergone a 'change of control' for the purposes of the terms of the Unvested Incentive Options (**Change of Control Event**).

Accordingly, as a result of the Change of Control Event, any vesting conditions attaching to the Unvested Incentive Options (as applicable) are deemed to be automatically waived, subject to the Board notifying holders of the Unvested Incentive Options of that fact.

The Board of Carawine intends to give notice to holders of Unvested Incentive Options of the Change of Control Event in accordance with the Company's incentive option plans (refer to section 8.2 of the Original Target's Statement).

4. OFFER PERIOD

As noted at section 1 above, the Offer Period has been automatically extended on account of QGold's Voting Power in Carawine increasing to more than 50%

within the last 7 days of the Offer Period, by virtue of section 624(2) of the Corporations Act.

The Offer will close at 4:00pm (AEDT) on 5 May 2022, unless further extended in accordance with the Corporations Act⁴.

5. FURTHER INFORMATION

For further information regarding QGold's Offer, please refer to the Bidder's Statement, the Original Target's Statement and the Supplementary Bidder's Statement which are available at Carawine's ASX Announcement page at www.asx.com.au (ASX Code: CWX).

6. CONSENTS

The persons identified in the table below have given and have not, before the date of issue of this First Supplementary Target's Statement, withdrawn their consent to:

- (a) be named in this First Supplementary Target's Statement in the form and context in which they are named;
- (b) the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this First Supplementary Target's Statement; and
- (c) the inclusion of other statements in this First Supplementary Target's Statement that are based on or referable to statements made in those reports or statements, or that are based on or referable to other statements made by those persons in the form and context in which they are included.

Name of Person	Named As	Reports or Statements
Steinepreis Paganin	Legal adviser	N/A
Bridge Street Capital Partners Pty Limited	Corporate adviser	N/A

Each of the above persons:

- (a) has not caused or authorised the issue of this First Supplementary Target's Statement;
- (b) does not make, or purport to make, any statement in this First Supplementary Target's Statement other than those statements referred to above and as consented to by that person; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this First Supplementary Target's Statement other than as described in this section with the person's consent.

As permitted by ASIC Class Order 13/521, this First Supplementary Target's Statement contains statements that are made, or based on statements made, in

⁴ Refer to QGold's notice under section 624(2) of the Corporations Act (notification of automatic extension of offer period) dated 26 April 2022.

documents lodged with ASIC or the ASX (in compliance with the Listing Rules). Pursuant to this Class Order, the consent of persons such statements are attributed to is not required for the inclusion of those statements in this First Supplementary Target's Statement.

As required by ASIC Class Order 13/521, any Carawine Shareholder who would like to receive a copy of any of these documents (or relevant parts of those documents) may obtain a copy free of charge within 2 Business Days of the request by contacting Carawine on +61 8 9209 2703 between 9:00am and 5:00pm (WST) on Business Days.

Copies of ASX announcements made by Carawine are available on Carawine's website at www.carawine.com.au or Carawine's ASX Announcement page at www.asx.com.au (ASX Code: CWX).

Additionally, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this First Supplementary Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

Pursuant to that instrument, the consent of persons such statements are attributed to is not required for inclusion of those statements in this First Supplementary Target's Statement.

7. AUTHORISATION

This First Supplementary Target's Statement has been approved by a resolution passed by the directors of Carawine.

Dated 26 April 2022

Signed for and on behalf of Carawine:



Will Burbury
Non-Executive Chairman
Carawine Resources Limited