

24 April 2017

Increased and Revised Offer Received from Saracen Represents Saracen's last and final offer for the Bundarra Gold Project

Bligh Resources Limited (ASX: BGH or Company) is pleased to announce that it has received and accepted an increased revised offer from Saracen Mineral Holdings Limited (**Saracen**) in respect of Saracen's acquisition of the Company's Bundarra Gold Project (**Saracen Transaction**).

Under the original terms of the Saracen Transaction (announced to the ASX on 2 March 2017), the number of Saracen Shares to be issued as consideration for the Bundarra Gold Project was 7,142,857 Saracen Shares, being that number of Saracen Shares equal to \$8,500,000 as calculated using the 15 day volume weighted average price of Saracen Shares (\$1.19) prior to the signing of the share purchase agreement (**SPA**). Based on the Saracen share price as at 22 April 2017 of \$0.96 per Saracen Share this valued the offer consideration at \$6,857,142.

Saracen's revised offer for the Saracen Transaction is as follows:

- Saracen will still issue 7,142,857 Saracen Shares to BGH (or its nominee) at settlement.
- If the value of those Saracen Shares, determined by multiplying 7,142,857 by the VWAP of a Saracen Share over the 5 trading days ending on the trading day before the date of settlement, is less than \$9,000,000, then Saracen will pay or procure the payment of the difference in immediately available cash funds at settlement. If the value of the Saracen Shares determined on this basis is equal to or greater than \$9,000,000, then no additional amount will be payable by Saracen at settlement.

Based on the Saracen share price as at 22 April 2017, the revised, guaranteed offer consideration of \$9m represents an effective increase of approximately \$2,142,858 compared with the original offer. The offer consideration of \$9 million is equivalent to 3.87 cents per Bligh share (before tax and transaction costs).

Saracen has informed the Company that the revised offer is its last and final offer for the Bundarra Gold Project.

The Directors have considered these revised terms in comparison to the off-market takeover offer from Zeta Resources Limited (announced on 19 April 2017) of 3.5 cents per Bligh Share, including the subsequent waiver of the minimum acceptance condition announced on 21 April 2017 (**Zeta Offer**).

Having regard to all factors, the Directors have decided, by majority, that the Saracen Transaction is, on balance, superior to the Zeta Offer and have entered into a variation of the SPA to give effect to the revised Saracen Transaction.

The relative benefits and considerations considered by the Directors in evaluating the Saracen Transaction and Zeta Offer, and by majority, recommending the Saracen Transaction in the absence of a superior proposal, are set out below:

	Benefits	Considerations
Saracen Transaction	<p>The revised consideration of \$9 million implies a value of 3.87 cents per Bligh share, which prima facie is higher than the Zeta Offer;</p> <p>Saracen Shares are highly liquid on the ASX and readily convertible to cash;</p> <p>Other than Bligh Shareholder approval, the other conditions precedent to the Saracen Transaction are administrative in nature and are expected to be completed shortly after Bligh Shareholder approval is obtained;</p> <p>Saracen Shares may increase in price after completion, which would result in Bligh realising increased value;</p> <p>If the Saracen Transaction is completed, Bligh will hold substantial cash and liquid investments, and the Directors have significant corporate expertise, to consider new growth opportunities that could create increased value for Bligh Shareholders;</p> <p>Bligh Shareholders will retain exposure to the Company's Wonder East tenements.</p>	<p>Bligh will incur taxation and transaction costs on completion of the Saracen Transaction. The taxation implications of the Saracen Transaction are not known with certainty but could range from a nominal amount to ~\$1 million. In assessing the Saracen Transaction, the Directors have relied on a best estimate tax expense of \$0.5 million. After transaction costs and this estimated tax expense, the value of the Saracen Transaction to Bligh is \$8.14 million, which implies a value of slightly more than 3.5 cents per share -- and that is excluding Bligh's current net cash position and ascribing no market value to listed company 'shell' value;</p> <p>Half of the Saracen Shares will be subject to escrow for one month post completion, exposing Bligh to possible declines in the Saracen share price;</p> <p>Bligh may not be successful in applying the proceeds of the Saracen Transaction to create future value for Bligh Shareholders;</p> <p>Saracen has declared that the Saracen Transaction is its last and final offer for the Bundarra Gold Project.</p>
Zeta Offer	<p>The Zeta Offer provides certain cash consideration for Bligh Shareholders;</p> <p>The Zeta Offer is not subject to a minimum acceptance condition;</p> <p>The Zeta Offer represents a premium to the current Bligh share price.</p> <p>Those Bligh Shareholders that do not accept the Zeta Offer in these circumstances could retain exposure to any</p>	<p>The Zeta Offer is less than the implied value per Bligh share of the Saracen Transaction;</p> <p>On the Directors best estimate of the likely reaction of Bligh Shareholders, it is unlikely that the Zeta Offer will result in Zeta acquiring at least 90% of Bligh Shares. Those Bligh Shareholders that do not accept the Zeta Offer would face risks of being a minority shareholder in Bligh, including the fact that Bligh would need to</p>

	<p>future potential development of the Bundarra Gold Project</p>	<p>raise capital to fund its operations, which may be dilutive to shareholders;</p> <p>Zeta may improve the consideration under its offer or a third party may make a superior proposal for Bligh.</p>
<p>Overall Context</p>	<p>The respective values of the Saracen Transaction and the Zeta Offer are very close and the tax implications of the Saracen Transaction are not known with certainty. It is therefore not completely clear cut that the Saracen Transaction will represent better value to the Company's shareholders;</p> <p>The individual circumstances of each shareholder in the Company needs to be taken into account in determining whether or not to support the Saracen Transaction or the Zeta Offer.</p>	

The Directors, by majority, recommend that the shareholders of the Company vote in favour of the Saracen Transaction (Resolution 1 at the general meeting), in the absence of a superior proposal.

Each Director holding shares in the Company intends to vote, or procure the voting of, the shares in the Company that they own or control in favour of the Saracen Transaction, in the absence of a superior proposal.

In deciding how to vote on the Saracen Transaction at the general meeting, shareholders should carefully consider the impact on the Zeta Offer. The Zeta Offer will not proceed if the Saracen Transaction is approved and settles as it is a condition of the Zeta Offer that the Saracen Transaction does not proceed (see Zeta's announcement dated 19 April 2017 for details). Shareholders should also carefully consider the possibility that Zeta improves the consideration under its offer or that a third party makes an alternative competing proposal in respect of Bligh. If shareholders believe that these possibilities may occur, they may consider voting against the Saracen Transaction.

Settlement of the Saracen Transaction still remains subject to the following conditions:

- (a) BGH shareholders approving the Saracen Transaction at a general meeting;
- (b) the parties entering into a deed of assignment and assumption whereby Saracen will assume the existing royalty obligations in respect of the project; and
- (c) Saracen obtaining all necessary regulatory approvals and other consents to effect the registration of the transfer of the relevant tenements to Saracen in accordance with the Mining Act.

Bligh considers that the conditions set out in (b) and (c) above are administrative in nature and there is very low risk that they will not be satisfied and that the Saracen Transaction would not proceed to settlement if shareholders approve it at the general meeting.

As announced on 20 April 2017, the general meeting to approve the Saracen Transaction has been adjourned until Friday 28 April 2017 at 10:00am (Perth time).

Saracen has agreed to an extension under the sale agreement to allow Bligh to further adjourn the general meeting until Wednesday 3 May 2017 at 10:00am (Perth time) in order to allow shareholders



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sufficient time to consider the Saracen Transaction and the Zeta Offer. Given that the revised Saracen Transaction represents Saracen's last and final offer for the Bundarra Gold Project, Saracen has also advised Bligh that it does not intend to agree to any further extension of the date to hold the general meeting.

Shareholders should refer to Bligh's ASX announcement dated 21 April 2017 for instructions on how to vote (including how to change their vote) at the adjourned meeting, noting that the revised cut-off date for receipt of proxy votes is 10:00am (Perth time) on Monday 1 May 2017.

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