



WESTGOLD ANNOUNCES TAKEOVER OFFER FOR ARAGON TO CREATE 3Moz GOLD-COPPER COMPANY

Key Points

- Offer comprises one Westgold share for every one Aragon share
- Offer represents a 35.4% premium to Aragon's closing price on 4 February 2011
- Combined group to have 3.0Moz AuEq resource base with potential for annual production of 200,000oz AuEq
- Pro-forma combined market capitalisation of \$135M, combined cash reserves of \$21M and increased liquidity
- Pipeline of advanced development projects in Western Australia and Northern Territory with potential to deliver near-term production from substantial long-term underground mine developments
- Potential for diversified revenue base due to mix of gold, copper and other base metals
- Extensive exploration potential ranging from greenfield prospects to near-mine resource extension targets

Westgold Resources Limited (ASX:WGR) is pleased to announce that it intends to make an offer to purchase all of the shares it does not already own in Aragon Resources Limited (ASX:AAG) to create a substantial mid-tier mining house with combined resources of 3.0Moz gold-equivalent and annual production potential of 200,000oz gold-equivalent.

Westgold, which already owns 20.1% of Aragon, will make an off-market takeover bid which will see it offer one of its shares for every one Aragon share it does not currently own (Share Offer). Westgold will also offer one option for every one Aragon option (Option Offer).

The offer represents a 35.4% premium to Aragon's closing price on 4 February 2011 and 28.4% premium to the 5 day VWAP of Aragon shares to 4 February 2011 and values Aragon at \$76 million.

Westgold has had preliminary discussions with the Aragon Board of Directors regarding the concept of a takeover offer. Westgold understands that the Board of Aragon will reserve its decision concerning its recommendation on the offer pending receipt of an Independent Expert's Report.

The offer is aimed at creating a gold-focussed and growth-orientated company based on the development of two major mining centres, Rover at Tennant Creek in the Northern Territory and the Central Murchison Gold Project in Western Australia, filling a growing gap on the Australian share market.

Aragon is a Western Australian-based gold explorer in which Westgold has maintained a major shareholding since spinning the company off in August 2007 to focus on Westgold's non-core gold, nickel and uranium exploration assets.

In early 2010, Aragon acquired the Central Murchison Gold Project and has progressively advanced the project from a resource base of 1.5Moz gold to the current 2.0Moz gold. Aragon has established an initial Mining Reserve Estimate of 614,000 ounces for the first phase of its planned underground mining developments at Big Bell and Day Dawn.



This takeover offer reflects Westgold's view in the quality of these new gold assets. Westgold's major 32% shareholder, Metals X Limited (ASX:MLX), also holds a direct 8.7% shareholding in Aragon.

Profile of the Consolidated Company

The consolidated company will have a pro-forma market capitalisation of \$135 million based on a total share capital of 414 million shares and the closing WGR share price on 4 February 2011 of \$0.325.

Westgold shareholders will hold 59.9% and Aragon shareholders 40.1% of the combined group. Metals X, as Westgold's major shareholder will hold 22.5% of the combined group.

The consolidated entity will have a well-funded gold-copper development strategy, with combined cash reserves of \$21.3 million as at 31 December 2010, two major development projects and significant polymetallic exploration upside, namely:

- the exciting development of the **Rover-1 Gold-Copper Project**, located south west of Tennant Creek in the Northern Territory, with 1.04Moz of gold-equivalent resources, a Feasibility Study underway and a resource update pending;
- the growing **Central Murchison Gold Project** in Western Australia, with 2.0Moz of gold resources and development studies underway;
- the exploration upside at Rover on a number of "look alike" IOCG targets, including Explorer 142 currently under evaluation and additional base metals projects, including the **Explorer 108 Pb-Zn-Ag** resource and **McArthur Basin** joint venture;
- additional exposure to nickel exploration in the Kambalda region of Western Australia and a significant phosphate investment.

Following completion of the takeover offer, Westgold intends to invite two directors of Aragon to join its Board, including the current Aragon CEO.

Benefits to shareholders

The Board of Westgold believes the consolidated group will provide significant shareholder value to both Westgold and Aragon shareholders. The combined company will have:

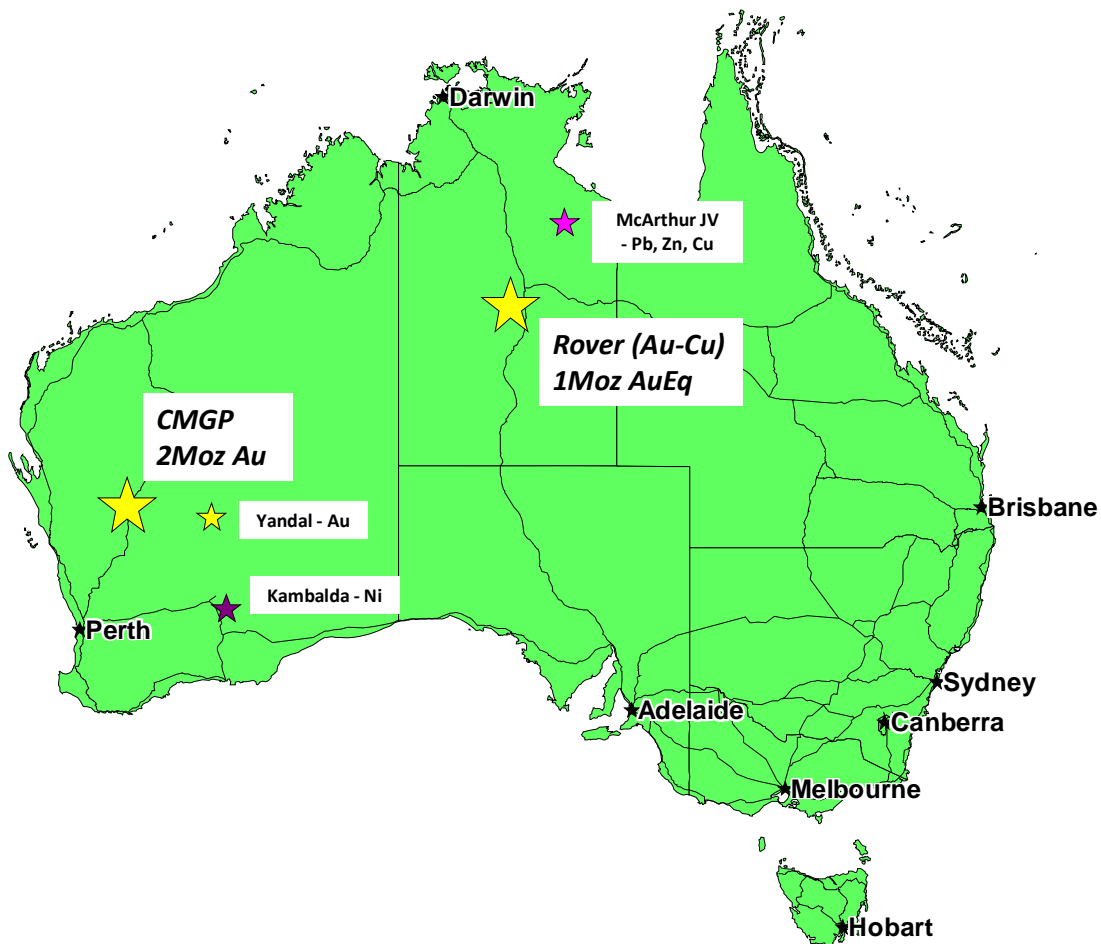
- An increased resource base of 3Moz-equivalent of contained gold with a reserve of 0.6Moz of contained gold, making Westgold internationally significant;
- A development pipeline targeting an initial combined annual production of 200,000oz gold equivalent within 5 years;
- A dual-focus development and production strategy, with copper and other base metals in the portfolio;
- Two large exploration portfolios, one a "virgin" IOCG province with numerous untested targets and the other covering three proven goldfields with combined past production of 5.0M ounces of gold;
- A larger company, with a stronger balance sheet and expected market capitalisation of over \$135 million, providing greater liquidity and access to new investors;
- Strengthened technical expertise across exploration, project development and mining;
- Greater market liquidity;
- Combined cash reserves of approximately \$21.3 million to support near-term project funding;
- Simplified corporate structure and cross-directorships;
- Removal of cross-ownership issues;
- Cost and resourcing efficiencies with a larger combined entity; and
- Ability to better and more rapidly explore the resulting high quality exploration portfolio.



Westgold Managing Director Andrew Beckwith, said:

“Our stated corporate goal has been to become an Australian mid-tier gold producer within five years, targeting production of 200,000 ounces of gold equivalent per year. This acquisition is entirely consistent with that growth objective, providing the substantial and growing resource base, the flexibility of developing two major mining operations to provide a long life production profile, a strengthened technical team, stronger balance sheet and excellent growth potential from two large exploration landholdings in world-class prospective regions – both within Australia.”

Project Locations



It is expected that, subject to Westgold acquiring 80% or more of Aragon's total share capital, capital gains tax (**CGT**) rollover relief is likely to be provided to Australian tax residents who accept the offer.

In its deliberation and subsequent voting on the takeover offer, the Board of Westgold excluded Peter Cook due to a potential or perceived conflict of interest because he holds a position on both Boards. Similarly, the Westgold Board excluded Warren Hallam and Paul Cmrlec due to potential or perceived conflicts of interest given their respective positions as Managing Director and executive at Metals X, the major shareholder in Westgold (31.99%) and significant shareholder in Aragon (8.70%). Mr Cook has also advised that he will inform the Board of Aragon that he will need to be excused from all deliberations in relation to the takeover bid.



Offer conditions

The offers are subject to a number of conditions as set out in Appendix F, including the following:

- Minimum acceptance of 90% for the Share Offer;
- The Option Offer is conditional upon the Share Offer being successful;
- The Option Offer is conditional upon obtaining relevant ASIC relief. In the event of this relief not being granted by ASIC then Westgold proposes to acquire the Aragon options by way of private treaty;
- No material adverse change and no prescribed occurrences; and
- No change of control rights.

Full details and definitions in regard to the terms and conditions of the offers will be included in Westgold's Bidder's Statement.

Indicative timetable

The indicative timetable to the offer is shown below:

Monday 7 February 2011	Takeover Announcement lodged with ASX
Tuesday 15 February 2011	Westgold lodges its Bidder's Statement with ASIC, ASX & Aragon
Tuesday 1 March 2011	Westgold despatches its Bidder's Statement to Aragon's shareholders
Tuesday 1 March 2011	Offer period opens
Monday 4 April 2011	Offer period closes (unless extended)

Advisers and contacts

Westgold is being advised on legal matters by McKenzie Moncrieff Lawyers.

For further information please contact:

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Managing Director
Westgold Resources Limited

Andrew Chapman
Company Secretary
Westgold Resources Limited

Tel: (08) 9326 5700

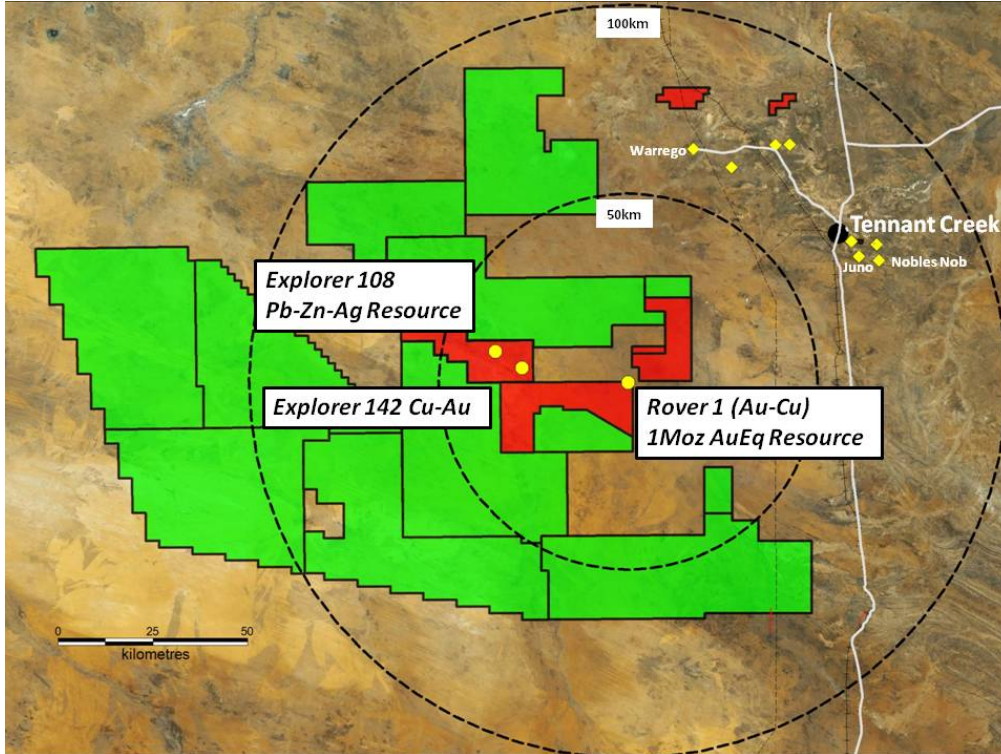
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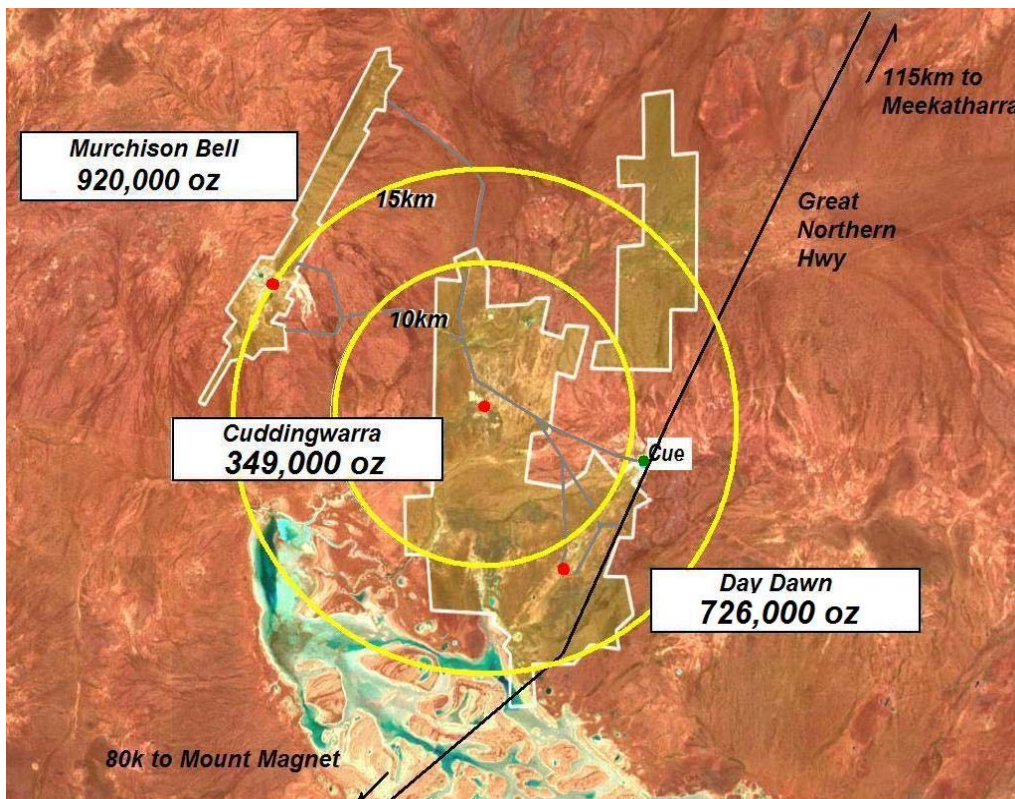


APPENDIX A – Project Areas

Westgold's Rover Gold-Copper Project



Aragon's Central Murchison Gold Project, highlighting current Identified Mineral Resources totalling 2.0Moz Au





APPENDIX B – Combined Resources and Reserves

Central Murchison Gold Project Mining Reserve Table

Probable Mining Reserve Estimates

Deposit	Tonnes	Grade (g/t Au)	Ounces
Big Bell Underground	2,895,000	4.2	390,000
Golden Fingall Underground ¹	878,000	8	224,000
Total	3,773,000	5.1	614,000

Notes

Mining recoveries of 85% with 20% dilution has been applied at Big Bell

Mining recoveries of 80% with 10% dilution has been applied at Golden Fingall

¹ Great Fingall JV Claim - There is a 49% joint venture interest claim over the Great Fingall deeps from 500 metres below surface. The current total resource included in this area is approximately 927,000 tonnes @ 9.1g/t Au for 271,000 ounces.

Central Murchison Gold Project Resource Table

Mining Centre/ Deposit	Measured			Indicated			Inferred			Total Resource		
	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz
Murchison Bell												
1600N/Shocker				415	2.5	33,000	359	3.2	37,000	774	2.8	70,000
Big Bell*				5,153	4.5	747,000	7	4.9	1,200	5,161	4.5	748,000
Fender				71	4.1	9,000				71	4.1	9,000
North Fender				385	1.7	21,000	578	1.6	30,000	963	1.7	51,000
Sub-total				6,024	4.2	810,000	944	2.2	68,200	6,969	3.9	878,000
Cuddingwarra												
Black Swan				222	3.5	25,000	1	1.3		223	3.5	25,000
Black Swan South				315	3.5	35,000	1,816	3.8	224,000	2,131	3.8	259,000
Chieftain				50	3.1	5,000	75	3.4	8,000	125	3.3	13,000
City of Chester				28	2.3	2,000	82	2.4	6,000	110	2.4	8,000
City of Sydney	4	1.6		62	2.1	4,000				65	2.0	4,000
Golden Gate				65	3.0	6,000	1	2.6		66	3.0	6,000
Rheingold							89	3.8	11,000	89	3.8	11,000
Rheingold South	23	3.3	3,000	82	3.6	10,000	96	3.4	11,000	202	3.5	23,000
Sub-total	27	3.0	3,000	824	3.3	87,000	2,160	3.7	260,000	3,011	3.6	349,000
Day Dawn												
3210				50	3.3	5,000				50	3.3	5,000
Golden Crown*				551	9.6	169,000	91	5.4	16,000	642	9.0	185,000
Great Fingall				349	1.9	21,000	1,500	1.4	67,000	1,849	1.5	88,000
Great Fingall*¹				1,034	10.2	340,000	271	6.5	56,000	1,305	9.4	396,000
Kinsella	1	2.9		54	3.1	5,000				55	3.1	6,000
Mt Fingall							30	3.1	3,000	30	3.1	3,000
Rubicon	19	2.9	2,000	50	2.3	4,000	12	1.3		80	2.3	6,000
South Fingall				36	2.8	3,000	28	3.1	3,000	65	3.0	6,000
Try Again	1	1.8		12	3.2	1,000	178	3.1	17,000	192	3.1	19,000
Yellow Taxi				80	2.4	6,000	15	2.9	1,000	94	2.5	7,000
Yellow Taxi South							37	4.3	5,000	37	4.3	5,000
Sub-total	21	2.8	2,000	2,216	7.8	554,000	2,162	2.5	168,000	4,399	5.1	726,000
Sub Total In situ	47	3.3	5,000	9,064	4.98	1,451,000	5,266	2.9	496,200	14,379	4.23	1,953,000
Stockpiles												
Great Fingall				108	1.0	3,000				108	1.0	3,000
Fingall Sands				34	1.2	1,000				34	1.2	1,000
Stockpiles				142	0.9	4,000				142	0.9	4,000
TOTAL	47	3.3	5,000	9,206	4.9	1,455,000	5,266	2.9	496,200	14,521	4.2	1,957,000

(* denotes underground resource)

The information relating to the above resource and reserve tables for the CMGP is based on Aragon's December 2010 "Quarterly Activities and Cashflow Reports" released by Aragon to the Australian Securities Exchange on the 28 January 2011.



Rover1 Resource Table

The Rover 1 maiden JORC Mineral Resource estimate comprises **5.3Mt at 6.1g/t gold equivalent for 1,037,600 gold equivalent ounces** and includes internal high-grade gold and copper zones totalling **2.4Mt at 9.3g/t gold equivalent for 728,700 gold equivalent ounces**.

Rover 1 – Total Mineral Resource Estimate (2.5g/t AuEq cut-off)

Classification	Tonnes	AuEq g/t	Au g/t	Ag g/t	Bi %	Co %	Cu %	AuEq Oz
Indicated	588,000	14.6	8.5	3.7	0.3	0.1	1.7	276,600
Inferred	4,742,000	5.0	1.3	2.0	0.1	0.1	1.0	761,000
Total	5,330,000	6.1	2.1	2.2	0.1	0.1	1.0	1,037,600

Rounding errors may occur

Rover 1 – Internal High-Grade Gold and Copper Zones (using 2.5g/t Au or 1% Cu cut-offs)

Classification	Tonnes	AuEq g/t	Au g/t	Ag g/t	Bi %	Co %	Cu %	AuEq Oz
Indicated	588,000	14.6	8.5	3.7	0.3	0.1	1.7	276,600
Inferred	1,862,000	7.6	2.5	2.1	0.2	0.1	1.5	452,100
Total	2,450,000	9.3	4.0	2.5	0.2	0.1	1.5	728,700

Rounding errors may occur

Gold Equivalence

The Gold Equivalence calculation represents total metal value for each metal assuming 100% recovery, summed and expressed in equivalent gold grade or ounces. The prices used in the calculation being US\$1100/oz Au, US\$7000/t Cu, US\$21.0/lb Co, US\$7.5/lb Bi and US\$15.0/oz Ag and approximate metal prices as at 18 Feb 2010.

Explorer 108 Resource Estimate Statement

Table 1 Total Inferred Resource Statement, at 2.5% Pb+Zn%

Class	Tonnes	Pb+Zn	Pb	Zn	Au	Ag	Cu	Pb Metal	Zn Metal	Au	Ag
	T	%	%	%	g/t	g/t	%	T	T	Oz	Oz
Measured	-	-	-	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-	-	-	-
Inferred	8,733,000	5.6	2.0	3.7	0.3	20	0.1	170,900	319,900	70,900	5,587,300
Total	8,733,000	5.6	2.0	3.7	0.3	20	0.1	170,900	319,900	70,900	5,587,300

Rounding errors may occur

Table 2 Total Inferred Resource Statement, at 5.0% Pb+Zn%

Class	Tonnes	Pb+Zn	Pb	Zn	Au	Ag	Cu	Pb Metal	Zn Metal	Au	Ag
	T	%	%	%	g/t	g/t	%	T	T	Oz	Oz
Measured	-	-	-	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-	-	-	-
Inferred	3,992,000	8.2	2.8	5.4	0.3	25	0.1	112,000	213,600	42,000	3,141,500
Total	3,992,000	8.2	2.8	5.4	0.3	25	0.1	112,000	213,600	42,000	3,141,500

Rounding errors may occur



APPENDIX C – Aragon options

All Aragon options are unquoted.

Aragon tranche	Key terms of Aragon Options	Total number of Aragon options on issue	Key terms of Westgold options	Total number of Westgold options to be issued ¹
1	Exercisable at \$0.30 expiring 31/5/2011	1,250,000	Exercisable at \$0.30 expiring 31/5/2011	1,250,000
2	Exercisable at \$0.30 expiring 1/7/2011	100,000	Exercisable at \$0.30 expiring 1/7/2011	100,000
3	Exercisable at \$0.21 expiring 30/11/2012	2,500,000	Exercisable at \$0.21 expiring 30/11/2012	2,500,000
4	Exercisable at \$0.21 expiring 30/11/2013	650,000	Exercisable at \$0.21 expiring 30/11/2013	650,000
5	Exercisable at \$0.22 expiring 24/8/2014	400,000	Exercisable at \$0.22 expiring 24/8/2014	400,000
6	Exercisable at \$0.20 expiring 7/1/2013	1,000,000	Exercisable at \$0.20 expiring 7/1/2013	1,000,000
7	Exercisable at \$0.32 expiring 11/1/2014	1,025,000	Exercisable at \$0.32 expiring 11/1/2014	1,025,000
8	Exercisable at \$0.20 expiring 31/12/2013	17,500,000	Exercisable at \$0.20 expiring 31/12/2013	17,500,000
	TOTAL	24,425,000		24,425,000

Note 1: on the basis of one (1) Westgold option per one (1) Aragon option and assuming 100% acceptance of the Option Offer.



APPENDIX D – Capital structure

Current Westgold capital structure

	Current capital structure of Westgold	
	%	# shares
Metals X Ltd	31.99%	72,915,636
Other Westgold shareholders	68.01%	155,018,210
Current Westgold shares	100.00%	227,933,846

Current Westgold options on issue: 4,075,000 (all unquoted).

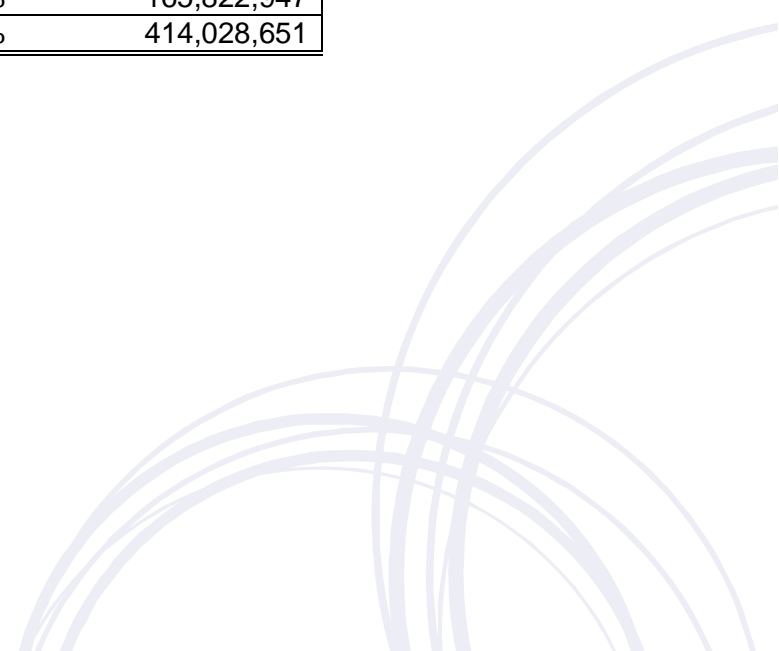
Current Aragon capital structure

	Current capital structure of Aragon	
	%	# shares
Metals X Ltd	8.70%	20,271,858
Westgold	20.13%	46,900,000
Other Aragon shareholders	71.17%	165,822,947
Current Aragon shares	100.00%	232,994,805

Current Aragon options on issue: 24,425,000 (all unquoted).

Capital structure of consolidated Westgold (assuming no options are exercised)

	Capital structure of merged company	
	%	# shares
Metals X Ltd	22.5%	93,187,494
Other Westgold shareholders	37.4%	155,018,210
Other Aragon shareholders	40.1%	165,822,947
New Westgold post merger	100%	414,028,651





APPENDIX E – Competent person’s statement

Competent person’s statement - Westgold

The information in this report that relates to exploration results, mineral resources or mineral reserves of Westgold is based on information compiled by Mr Andrew Beckwith (B AppSc) who is a full time employee of Westgold and a member of the AusIMM. Mr Beckwith has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity he is undertaking to qualify as a competent person as described by the 2004 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Beckwith consents to the inclusion in this report on the matters based on his information in the form and context in which it appears.

Exploration and Production Target Statements

The information in this report that relates to exploration targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Production targets are currently conceptual in nature and relate to future production goals based on the current and future resources and reserves. Feasibility studies are currently underway to advance the economic evaluations.





APPENDIX F – Takeover Offer Conditions

Takeover offer

Westgold will make an off-market takeover offer to acquire 100% of the Aragon shares and, subject to obtaining relevant ASIC relief, Aragon options, which are not already held by Westgold. The takeover offer will extend to Aragon shares which are issued during the takeover offer period due to a conversion or exercise of rights attached to securities which exist or will exist, as at the date of the takeover offer.

Offer price

Subject to the terms of the takeover offer, Westgold will offer:

- a) 1 Westgold share for every 1 Aragon share; and
- b) subject to obtaining relevant ASIC relief, 1 Westgold option for every 1 Aragon option.

Offer period

The takeover offer will remain open for a minimum period of 1 month (unless withdrawn during that period under section 652B of the Corporations Act).

Offer conditions

The takeover offer will be subject to the fulfilment of conditions consistent with the conditions summarised below:

- a) **90% minimum acceptance:** At or before the end of the takeover offer period, Westgold has a relevant interest in such number of Aragon shares which represents at least 90% of the aggregate of all the Aragon shares on issue at the end of the takeover offer period.
- b) **ASIC waiver:** Westgold applying for and being granted an exemption by ASIC pursuant to section 655A(1)(b) of the Corporations Act to treat, for the purposes of the takeover offer, all of the Aragon options on issue as one class of options (Option Condition).
- c) **Cancellation or transfer of Aragon options:** If the Option Condition is not satisfied, all Aragon options have been exercised, cancelled or transferred to Westgold or agreement has been reached between Westgold, Aragon and the holders of Aragon options to do so.
- d) **No prescribed occurrences:** None of the “prescribed occurrences” set out in section 652C of the Corporations Act occurring during the takeover offer period.
- e) **No material adverse change:** During the takeover offer period, no event, change or condition occurring that has, or could reasonably be expected to have, a material adverse impact on:
 - (i) the business, assets, liabilities, financial or trading position, profitability or prospects of the Aragon group, taken as a whole, since 4 February 2011 by an amount of \$1,000,000 or more; or
 - (ii) the status of any approvals, licences or permits from any department or government agency, taken as a whole, applicable to any licence or permit held by the Aragon group or which a Aragon group member has agreed to acquire from a third party.
- f) **No major acquisitions, disposals or commitments:** between the date of this announcement (Announcement Date) and the end of the takeover offer period (each inclusive), no member of the Aragon group:
 - (i) purchases or otherwise acquires or agrees to purchase or otherwise acquire, sells or otherwise disposes of or surrenders, or agrees to sell or otherwise dispose of or surrender, or comes under an obligation to purchase, acquire, sell or otherwise dispose of or surrender, any property, assets (or any right, title or interest therein), the total consideration for which, or value of which, in aggregate, exceeds \$1,000,000; or



- (ii) enters any other commitment, or comes under an obligation to enter any other commitment, which would require expenditure by Aragon or a member of the Aragon group of an amount which, in aggregate, exceeds \$1,000,000,

except with the prior written consent of Westgold or as publically announced by Aragon before the Announcement Date.

- g) **Corporate actions:** Between the Announcement Date and the end of the takeover offer period, no member of the Aragon group:

- (i) gives or agrees to give any mortgage, charge, lien or other encumbrance over any of its assets otherwise than in the ordinary course of business;
- (ii) makes or proposes to make any material change to its constitution;
- (iii) increases or agrees to increase its level of indebtedness (including financial liabilities incurred under finance leases) or issues or agrees to issue any indebtedness or debt securities other than advances under existing credit facilities in the ordinary course of business or indebtedness incurred to external service providers in relation to advising on the takeover offer;
- (iv) makes or agrees to make any loans, advances or capital contributions to, or investments in, any other person;
- (v) increases the remuneration of, pays any bonus (other than in accordance with existing contractual entitlements as at the Announcement Date), issues any securities, options or performance rights or otherwise varies the employment arrangements with any of the directors or senior managers of the Aragon group (collectively, **Relevant Employees**);
- (vi) accelerates the rights of any of the Relevant Employees to compensation or benefits of any kind (including under an executive or employee share or option plan and including by vesting the outstanding performance rights);
- (vii) pays any of the Relevant Employees termination or retention payments (otherwise than in accordance with existing contractual entitlements at the Announcement Date);
- (viii) enters into, amends, or terminates any material contract;
- (ix) declares, or distributes any dividend, bonus or other share of its profits or assets; or

resolves, agrees, commits or announces an intention to do any of the things referred to in paragraphs (i) to (ix) above.

- h) **No change of control rights:** Between the date of this announcement ("**Announcement Date**") and the end of the Offer Period (each inclusive), there is no person having any rights, being entitled to have any rights, alleging an entitlement, or expressing or announcing an intention (whether or not that intention is stated to be a final or determined decision of that person) (in all cases whether subject to conditions or not), as a result of any change of control event in respect of Aragon (including Westgold acquiring shares in Aragon) or any of its subsidiaries or assets, to:

- (i) terminate or alter any contractual relations between any person and Aragon or any of its subsidiaries (for this purpose an alteration includes of the operations of a contract, whether or not that altered operation is provided for under the existing terms of the contract);
- (ii) require the termination, modification or disposal (or offer to dispose) of any interest or asset, corporate body, joint venture or other entity; or
- (iii) accelerate or adversely modify the performance of any obligations of Aragon or any of its subsidiaries under any agreements, contracts or other legal arrangements.



- i) **ASX quotation of Westgold shares:** Permission for admission to quotation for the Westgold shares to be issued to Aragon shareholders accepting the takeover offer being granted by ASX no later than 7 days after the end of the takeover offer period.

Additional takeover offer conditions for Aragon options:

Westgold's offer to acquire 100% of Aragon options is subject to the following additional conditions:

- a) **Share Offer minimum acceptance:** During, or at the end of, the takeover offer period, Westgold has a relevant interest in such number of Aragon shares which represents at least 90% of the aggregate of all the Aragon shares on issue at the end of the takeover offer period.
- b) **Share Offer unconditional:** Before the end of the takeover offer period, the offer to acquire 100% of Aragon shares is, or has been declared, unconditional in all respects.

