



17 January 2011  
BLAC0COR1\ASX056

---

## RECOMMENDED TAKEOVER OFFER FOR YILGARN INFRASTRUCTURE LIMITED

---

### Highlights

- Blackcrest Resources Limited is to undertake a agreed off-market takeover offer for all the issued shares of Yilgarn Infrastructure Limited, an unlisted public company currently holding cash and other liquid assets.
- Yilgarn Infrastructure Limited has recently entered an agreement to purchase a Queensland exploration project that is prospective for coking coal.
- A successful implementation of the transaction will enable Blackcrest's shares to be requoted.

Blackcrest Resources Limited (**BCR**) is pleased to announce that it has entered into a Bid Implementation Deed (**Implementation Deed**) with Yilgarn Infrastructure Limited (**YIL**) to make an off-market takeover offer for all of the fully paid ordinary shares of YIL (**Offer**).

The directors of YIL intend to unanimously recommend that YIL shareholders accept the Offer, in the absence of a superior proposal. The directors of YIL intend to accept the Offers for all of the shares in YIL they control, in the absence of a superior proposal.

### Details of Offer

Under the Offer, YIL's shareholders will be offered 1 BCR share for every 3 YIL shares they hold, post the consolidation of BCR shares on a 1 for 2 basis, discussed below. The parties' obligations to proceed with the Offer and comply with other obligations under the Implementation Deed are subject to various conditions precedent, a summary of which is set out in Annexure A. If the conditions precedent are not satisfied or waived by 18 February 2011, the Offer will not proceed.

The Implementation Deed sets out the steps leading to the issue of a prospectus to enable the raising of capital and requote of BCR's shares on ASX. The board of BCR considers the potential value to be created by the requote of BCR's shares for existing shareholders to be compelling and thus the board of BCR is in full support of the implementation of the Offer and related transactions.

If BCR becomes entitled to do so, BCR intends to undertake compulsory acquisition in accordance with Part 6A.1 of the Corporations Act 2001 (Cth) (**Corporations Act**).

The Offer will be subject to various conditions, a summary of which is set out in Annexure B.

### **Offer rationale and benefits for BCR and YIL shareholders**

YIL is an unlisted public company currently holding cash and other liquid assets and rights under the Project Acquisition Agreement (further details below). YIL was incorporated in 2005 to design and bid on key port and rail infrastructure designed to open up a major transport corridor to the west of Geraldton, Western Australia for the development of new iron ore mining projects identified there.

As well as its cash and liquid asset holdings, YIL brings considerable intellectual property, expertise and profile in the promotion and development of major transport infrastructure solutions for mining operations in remote locations. YIL also brings deep connections with customers, regulators and financiers in the sector.

### **Project acquisition**

As set out above, YIL has entered into an agreement to acquire a Queensland exploration tenement that is prospective for coking coal (**Project Acquisition Agreement**).

### **Implementation Deed – other transactions**

Under the Implementation Deed, BCR is also required to:

- (a) issue BCR shares upon conversion of all remaining convertible securities of BCR;
- (b) undertake a consolidation of BCR's capital on the basis of 1 BCR share for every 2 BCR shares on issue before consolidation, after conversion of all of BCR's convertible securities, or such other capital reorganisation agreed between BCR and YIL;
- (c) complete a capital raising for the raising of \$500,000;
- (d) lodge a prospectus with the Australian Securities and Investments Commission (**ASIC**) and offer and issue BCR shares at \$0.20 by way of a public offer by no later than the end of the Offer period;
- (e) issue up to 26,500,000 BCR shares and up to 26,500,000 BCR options over BCR shares to YIL or its nominees on the date set for completion of the Project Acquisition Agreement subject to and upon completion of the transactions under the Project Acquisition Agreement, and in accordance with the Project Acquisition Agreement. The BCR options to be issued will have an exercise price of \$0.20 and will expire 5 years from the date of issue; and
- (f) each of the above obligations is subject to the approval of BCR shareholders. A general meeting of BCR shareholders will be called to seek BCR shareholder approval of the Offer, the matters outlined above and in relation to the re-quotation of BCR shares on ASX and any other matters requiring BCR shareholder approval which is contemplated under the Implementation Deed.

### **Exclusivity arrangements and break fee**

The Implementation Deed (some of the key terms of which are summarised in Annexure C) contains no shop, no talk and break fee obligations and a right to match in the event of an alternative offer being made.

**Offer timetable**

BCR is expected to dispatch a bidder's statement to YIL shareholders on or before 11 March 2011. YIL has agreed to dispatch a target's statement to YIL shareholders on the same date. Further information will be provided to shareholders on the offer period and any extension of that period.

**Termination of agreement – Ark Mines**

BCR wishes to advise that the agreement entered into for the acquisition of a 100% interest in Ark Mines Limited (as announced on 19 August 2010) has been terminated.

**Contact details**

For further information please contact:

Richard Pritchard – Director on 0418617827  
[Richard.w.pritchard@gmail.com](mailto:Richard.w.pritchard@gmail.com)

Or

Eryn Kestel – From the Office of the Company Secretary on 08 93678133  
[Eryn.kestel@nkh.com.au](mailto:Eryn.kestel@nkh.com.au)

## Annexure A – Conditions Precedent

- (a) YIL directors being satisfied with the results of due diligence enquiries into BCR and its related bodies corporate (condition for the exclusive benefit of YIL);
- (b) YIL entering into an agreement to acquire an interest in the any mineral project anywhere in the world which will satisfy ASX requirements for the re-quototation of BCR Shares on ASX (condition for the benefit of YIL and BCR) (refer to the details of the Project Acquisition Agreement above);
- (c) there having been no Material Adverse Change that has occurred or become apparent in BCR's business, financial position or prospects (condition for the exclusive benefit of YIL);
- (d) there having been no Material Adverse Change that has occurred or become apparent in YIL's business, financial position or prospects (condition for the exclusive benefit of BCR);
- (e) BCR directors being satisfied with the results of due diligence enquiries into YIL and its related bodies corporate (condition for the exclusive benefit of a BCR); and
- (f) completion of the Yilgarn IP Sale.

### Definitions

**Material Adverse Change** means an event, change or condition which has, or could reasonably be expected to have either individually or in aggregate with all such events, changes or conditions, a materially adverse effect:

- (a) on the business, assets, liabilities, financial or trading position, profitability or prospects of a party, taken as a whole; or
- (b) on the status or terms of arrangements entered into a party, or on the status or terms of any approvals, licences or permits from public authorities applicable to a party.

**Yilgarn IP Sale** means the sale by Yilgarn of certain proprietary information.

## Annexure B – Offer Conditions

The Offer is subject to conditions set out substantially below.

(a) **Minimum acceptance**

During, or at the end of, the Offer Period, BCR and its Associates together have relevant interests in at least 90% of YIL Shares.

(b) **Shareholder approval**

Shareholders of BCR approve the Offer and each of the resolutions required to be considered at a general meeting of BCR shareholders referred to above.

(c) **Regulatory approvals**

Before the end of the Offer Period, BCR receives all regulatory approvals or consents:

- (i) that are necessary to permit the Offer to be lawfully made to and accepted by YIL Shareholders and completed; or
- (ii) that are required as a result of the Offer or the successful acquisition of YIL Shares and are necessary for the continued operation of the business of YIL or BCR; or
- (iii) that are required or imposed by ASX, ASIC or the Takeovers Panel,

in each case on an unconditional basis or on the basis of conditions that impose only non-material requirements incidental to approval or consent and, at the end of the Offer Period, all of those approvals and consents remain in full force and effect in all respects and are not subject to any notice of intention or indication of intention to revoke, suspend, restrict, modify or not renew those approvals or consents.

(d) **ASX Re-admission requirements**

Without limiting (c), before the end of the Offer Period, BCR receives notice from ASX of ASX's requirements for re-admission of BCR's Securities to Official Quotation following completion of the Offer (**ASX Requirements**) and BCR complies by the end of the Offer Period with those ASX Requirements that have a deadline during the Offer Period.

(e) **No regulatory actions**

Between the date of any announcement (**Announcement Date**) and the end of the Offer Period (inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by any government, statutory body, judicial entity, minister, department, office or government delegate (including any self-regulatory organisation established under statute or any securities exchange) whether in Australia or elsewhere, including ASIC and ASX (**Public Authority**);
- (ii) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (iii) no application is made to any Public Authority (other than by BCR or any of its associates) in consequence of or in connection with the Offer (other than an application to or decision or order of ASIC or the Takeovers Panel for the purpose, or in exercise, of the powers and discretions conferred on it by the Corporations Act,

which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede the making of the Offer of the acquisition of YIL shares, or the divestiture of any material assets of YIL or BCR.

(f) **No material adverse change**

Before the end of the Offer Period, no Material Adverse Changes have occurred in YIL's business, financial position or prospects, except to the extent that such Material Adverse Changes have been fully and fairly publicly announced by YIL or otherwise disclosed in public filings by YIL or any of its subsidiaries prior to the Announcement Date.

(g) **No prescribed occurrences**

During the period from the Announcement Date to the end of the Offer Period (each inclusive), none of the events listed in sections 652C(1)(a) to (h) inclusive and s 652(2)(a) to (e) occur (other than the issue of YIL Shares pursuant to the exercise or conversion of options or other securities which had been issued and notified to ASX prior to the Announcement Date).

(h) **Termination of Implementation Deed**

Neither BCR nor YIL lawfully terminate the Implementation Deed.

(i) **Capital Reorganisation**

Before the end of the Offer Period, BCR and YIL agreeing on a consolidation or other reconstruction of BCR's capital and BCR undertaking all corporate actions necessary to implement and complete the agreed reconstruction of its capital, including seeking and obtaining the approval by resolution of BCR's shareholders.

(j) **No material acquisitions, disposals, etc.**

None of the following events occur during the period from the Announcement Date to the end of the Offer Period without the written consent of BCR:

- (i) other than pursuant to the Project Acquisition Agreement, YIL, or any subsidiary of YIL, acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$100,000 or makes an announcement about such an acquisition;
- (ii) YIL, or any subsidiary of YIL, disposes, offers to dispose or agrees to dispose of, or creates, or offers to create an equity interest in one or more companies or assets (excluding as contemplated in the YIL IP Sale) (or an interest in one or more companies or assets) for any amount in aggregate greater than \$100,000 or makes an announcement about such a disposal.
- (iii) YIL, or any subsidiary of YIL, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership involving a commitment of greater than \$100,000, or makes an announcement about such a commitment; or
- (iv) other than pursuant to the Project Acquisition Agreement, YIL, or any subsidiary of YIL, incurs or commits to, or grants to another person a right the exercise of which would involve YIL or any subsidiary of YIL incurring or committing to any capital expenditure or liability for one or more related items of greater than \$100,000 or makes an announcement about such commitment.

(k) **Non-existence of certain rights**

That no person has any right (whether subject to conditions or not) as a result of BCR acquiring YIL Shares to:

- (i) acquire, or require YIL or a material subsidiary of YIL to dispose of, or offer to dispose of, any material asset of YIL or a material subsidiary of YIL; or
- (ii) terminate or vary or exercise any right under any material agreement with YIL or a material subsidiary of YIL.

(l) **Distribution**

During the period commencing on the Announcement Date and ending at the end of the Offer Period, YIL or a subsidiary of YIL does not make or declare or announce an intention to make or declare any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

**Definitions**

**Announcement Date** means the date of this announcement.

**Associate** has the meaning given in chapter 6 of the Corporations Act.

**Material Adverse Change** means an event, change or condition which has, or could reasonably be expected to have either individually or in aggregate with all such events, changes or conditions, a materially adverse effect:

- (a) on the business, assets, liabilities, financial or trading position, profitability or prospects of a party, taken as a whole; or
- (b) on the status or terms of arrangements entered into a party, or on the status or terms of any approvals, licences or permits from public authorities applicable to a party.

**Offer Period** means the period during which the offer will remain open for acceptance as specified in the Timetable.

**Yilgarn Shareholders** means all persons who hold Yilgarn Shares.

## Annexure C – Implementation Deed

---

### 1. Exclusivity

#### 1.1 No Competing Proposal

During the Relevant Period, a party must not and must ensure that its representatives do not:

- (a) directly or indirectly solicit, invite, facilitate or encourage any Competing Proposal or communicate an intention to do so;
- (b) enter into or participate in any negotiations or discussions or provide any information to any person in respect of a Competing Proposal or potential Competing Proposal;
- (c) enter into any deed, arrangement or understanding in respect of a Competing Proposal; or
- (d) disclose any information about their business or affairs, except as required by law in the ordinary course of business, under the Implementation Deed or where required under an existing contact.

#### 1.2 Notification

During the Relevant Period, each party must immediately inform the other party if it is approached by any person to engage in any activity that would breach its obligations in clause 1.1 and provide in writing to the other party:

- (a) the identity of that person, unless in doing so its directors would be in breach of their directors' fiduciary or statutory obligations; and
- (b) the nature of the expression of interest and/or proposed Competing Proposal made by the person making the approach, unless in doing so its directors would be in breach of their directors' fiduciary or statutory obligations.

#### 1.3 Fiduciary Out

The restrictions in clause 1.1:

- (a) are subject to each party's directors' fiduciary and statutory duties; and
- (b) do not apply to the extent that they restrict a party from taking or refusing to take any action with respect to a bona fide Competing Proposal (which was not encouraged, solicited or invited, facilitated or initiated by the party in contravention of clause 1.1), provided that the party's directors have:
  - (i) determined in good faith and acting reasonably after consultation with its financial advisers, that the bona fide Competing Proposal was at least as good a proposal as or is superior to the Offer; and
  - (ii) sought advice and received written advice from external lawyers that failing to respond to the *bona fide* Competing Proposal could, in the reasonable opinion of those external lawyers, constitute a breach of the directors' fiduciary or statutory obligations.

#### 1.4 Notification

If, in accordance with clause 1.4, a party does respond to a *bona fide* Competing Proposal, it must immediately notify the other party in writing of that fact, the person with whom negotiations have been or will be entered into and the details of the Competing Proposal (including the terms and conditions of the Competing Proposal) made by that person.

---

## 2. Superior Proposal

### 2.1 Notification

Until the end of the Offer Period, each party must notify the other as soon as possible in writing if it has received a Superior Proposal.



## 2.2 Ability to improve Offer

A party must not enter into any legally binding agreement in relation to a Superior Proposal, publically recommend a Superior Proposal or change its recommendations in favour of the Offer unless the other party is provided with at least five business days to match the terms of the Superior Proposal in writing (**Amended Offer Notice**).

## 2.3 Offer amended

If a party gives the other an Amended Offer Notice, the other party must consider the proposed variation to the Offer set out in the Amended Offer Notice in good faith and if it considers the proposed variation would result in the Offer being superior to the Competing Proposal, it must use best endeavours to agree any amendments to the terms of the Offer and the Implementation Deed.

---

## 3. Break Fee

### 3.1 Break Fee – BCR

If:

- (a) by the end of the Offer Period, BCR does not complete the Offer because of a failure to fulfil any other Condition, in circumstances where fulfilment of the relevant Condition by BCR was required by the Implementation Deed or was within the power of BCR, acting reasonably in circumstances, where BCR has not applied reasonable efforts to fulfil the relevant Condition; or
- (b) by the end of the Offer Period, BCR has not received all regulatory approvals or consents that are necessary to permit the Offer to be lawfully made to and accepted by YIL Shareholders and to be completed, in circumstances where BCR has not applied reasonable efforts to obtain those approvals and consents,

and as a result of one or more of the circumstances in clauses (a) and (b), the Offer has not proceeded; or

- (c) YIL lawfully terminates the Implementation Deed as a result of a material breach by BCR of the Implementation Deed,

then at the election of YIL by notice in writing to BCR, BCR must pay YIL within 5 days of such notice, the sum of \$80,000 free of deduction, set-off or counterclaim, which sum BCR acknowledges represents a genuine pre-estimate of the damages YIL will suffer in the above described circumstances.

### 3.2 Break Fee – YIL

If BCR lawfully terminates the Implementation Deed as a result of a material breach of the Implementation Deed by YIL, then at the election of BCR by notice in writing to YIL, YIL must pay BCR within 5 days of such notice, the sum of \$80,000 free of deduction, set-off or counterclaim, which sum YIL acknowledges represents a genuine pre-estimate of the damages BCR will suffer as a result of the breach of the Implementation Deed by YIL.

---

## 4. Termination

### 4.1 Termination Rights

Subject to the parties undertaking all reasonable endeavours to resolve a dispute within 5 business days of the dispute arising, a party may lawfully terminate the Implementation Deed if:

- (a) the other party is in material breach of the Implementation Deed and the material breach has not been remedied within 10 business days of written request that it be remedied; or
- (b) the other party withdraws from the Offer or the Offer lapses for any reason.

## Definitions

**Bidder's Statement** means the bidder's statement issued by Blackcrest in relation to the Offer setting out the terms of and making the Offer and all other required information, in accordance with the Corporations Act and the Implementation Deed.

**Claim** means any claim, demand, suit, proceeding, action, damages, loss, liability, costs, charges, expenses, outgoings or payments suffered, paid or incurred or threatened including:

- (a) those arising in contract (including, but not limited to, breach of warranty);
- (b) those arising in tort (including, but not limited to, misrepresentation or negligence);
- (c) those arising under statute;
- (d) those in relation to any breach of an agreement or deed;
- (e) those based on any statement, representation, warranty, promise, indemnity or undertaking;
- (f) those arising or in relation to loss of office or termination of employment; and
- (g) for damages or compensation of any nature and on any grounds.

**Competing Proposal** means a proposal for a takeover bid, scheme of arrangement or other corporate transaction to obtain control (within the meaning of section 50AA of the Corporations Act) or to acquire a substantial part of the business or assets of Blackcrest or Yilgarn other than the Offer.

**Relevant Period** means the period commencing on the date of the Implementation Deed and ending on the earlier of the date the Implementation Deed is terminated and the end of the Offer Period.

**Superior Proposal** means a Competing Proposal that:

- (a) is actually announced or offered; and
- (b) in the determination of the board of a party, acting reasonably and in good faith and after taking advice from its legal and, if appointed, financial advisers:
  - (i) would be likely to be completed substantially in accordance with its terms; and
  - (ii) if completed, would result in a transaction more favourable to the shareholders of a party than the Offer, taking into account the terms and conditions of the Competing Proposal.

**Yilgarn Shareholders** means all persons who hold Yilgarn Shares.