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## **Bullseye Company Announcement**

### **Unsolicited Approach Received From Au Xingao Investment Pty Ltd**

**7 February 2022**

The Bullseye Board notes that, after business hours on Thursday, 3 February 2022, the company received an unsolicited communication from Au Xingao Investment Pty Ltd (**Xingao**), a related entity of Bullseye shareholder Hongkong Xinhe International Investment Company Limited, which attached an announcement regarding an intended cash offer by Xingao for Bullseye (**Bid Intention Announcement**).

A copy of the full Bid Intention Announcement is appended to this communication. The Board notes that:

- the Bid Intention Announcement is not a bid, but rather a statement of intention to make a bid in future;
- the intended offer referred to in the Bid Intention Announcement is subject to a range of conditions; and
- the only live bid for Bullseye at present (and the only takeover offer currently capable of acceptance by Bullseye shareholders) is the recommended takeover offer which has been made for the company by Emerald Resources NL.

The Bullseye Board is in the process of considering Xingao's intended offer and the Bid Intention Announcement generally and will update Bullseye shareholders once it has done so, including providing an appropriate recommendation to shareholders in due course.

**For further information and investor enquiries, please contact:**

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## Intention to Make Takeover Bid for Bullseye Mining Limited

### Highlights

- **Cash offer of \$0.31 per share, rising to \$0.35 per share on granting of due diligence and satisfying the 40% minimum acceptance condition**
- **Subject to minimal conditions - satisfactory due diligence, 40% minimum acceptance, FIRB approval and other usual conditions**
- **Provides financial certainty to Bullseye shareholders**
- **Superior, premium and value-certain alternative to existing paper offer from Emerald Resources**

Au Xingao Investment Pty Ltd (ACN 603 261 052) (**Xingao** or the **Company**), an Australian subsidiary of Xinhua Zhongbao Co Ltd (**Xinhua Zhongbao**) (SSE:600208), has today announced its intention to make an off-market takeover offer (**Offer**) to acquire all the issued ordinary shares (**Shares**) in Bullseye Mining Limited (**Bullseye**) for \$0.31 cash per share (**Offer Price**).

The offer price will be increased to \$0.35 if the following two conditions are satisfied:

- (a) the due diligence conditions (being the conditions set out in clause 9 of Schedule 1 below) is satisfied; and
- (b) the 40% minimum acceptance condition (see clause 1 of Schedule 1 below) is satisfied.

The all-cash offer values Bullseye at up to \$155.96 million at the \$0.35 offer price.

Xingao is offering Bullseye shareholders a premium and the certainty of cash compared to the inferior all-scrip proposal that has been offered by Emerald Resources NL (**Emerald**). Based on the closing price of Emerald on 3 February 2022 of \$1.05, the Emerald offer values a Bullseye Share at \$0.306. If conditions of the Xingao proposal are met and the higher price of \$0.35 offered, it will represent an attractive 14% premium to the Emerald offer.

Xingao, which already has voting power of 14.85% in Bullseye, is not prepared to accept the Emerald offer. Xingao believes Emerald scrip delivers considerable value uncertainty. Bullseye shareholders are urged to consider the merits of Xingao's superior cash offer.

Xingao Director Luke Huang said he believed Bullseye shareholders would appreciate the opportunity of a cash exit for what has been an underperforming asset.

"We are prepared to put cash on the table and pay a premium," said Mr Huang.

"The alternative is Emerald scrip and, frankly, we don't want to risk that. We have concerns about Emerald's Cambodian assets which, together with volatility in global markets, presents significant uncertainty and a very high risk that the effective price being offered for Bullseye could drop significantly.

"Bullseye shareholders have been stuck in an underperforming, unlisted company for too long and this is a prime opportunity to get cash and deploy their capital elsewhere."

Xingao and its parent company have been long-time critics of Bullseye and its board of directors over an array of corporate governance concerns and their inability to optimise the value of Bullseye shares.

Three times Xingao has written to Bullseye and sought the same due diligence access granted to Emerald to facilitate and expedite its Offer but has received no response. The Bullseye Board is clearly not interested in facilitating offers that can deliver better value, and more certainty, to its shareholders. Accordingly, Xingao intends to make the Offer directly to Bullseye shareholders, to enable Bullseye shareholders to consider and assess the Offer. If due diligence condition and the 40% minimum

acceptance condition are satisfied, the offer price will be increased to \$0.35, as per the conditions which are listed in detail in Schedule 1 below.

Further details about the Offer will be contained in Xingao's Bidder's Statement which will be sent to Bullseye shareholders as soon as possible, currently expected to be in mid to late February 2022. The Bidder's Statement will set out important information for Bullseye shareholders including how to accept the Offer, and the key reasons why Bullseye shareholders should accept the Offer. Xingao will be asking the Bullseye Board to agree (under item 6 of section 633 of the *Corporations Act 2001*) to allow the Bidder's Statement to be sent to Bullseye shareholders in fewer than the minimum 14 days following provision of the Bidder's Statement to Bullseye, in line with the shorter period provided for the Emerald Bidder's Statement. By allowing the Xingao Bidder's Statement to be despatched to shareholders earlier, shareholders will have the opportunity to consider the detail of Xingao's offer at the same time as considering the Emerald offer.

Xingao urges Bullseye shareholders to seriously consider this **superior, premium cash offer** for their shares.

**This announcement has been authorised by the Board of Au Xingao Investment Pty Ltd**

**ENDS**

**For more information:**

Michael Weir

Citadel -MAGNUS

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## **Schedule 1 – Conditions to the Offer**

The Offer and any contract resulting from acceptance of the Offer will be subject to the fulfilment or waiver by Xingao of the following conditions:

### **1 Minimum Acceptance**

During, or at the end of, the Offer Period, Xingao and its Associates together have Relevant Interests (disregarding any Relevant Interests that Xingao has merely because of the operation of section 608(3) of the Corporations Act) in at least 40% of the Bullseye Shares.

### **2 FIRB Approval**

Prior to the end of the Offer Period, either of the following occur:

- (a) the Treasurer of the Commonwealth of Australia (or their delegate) provides written notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) stating that, or to the effect that, the Commonwealth Government has no objection to the acquisition contemplated in this Announcement; or
- (b) following Xingao giving notice under the FATA of the acquisition contemplated in this Announcement, the Treasurer of the Commonwealth of Australia becomes precluded by passage of time from making any order or decision under Division 2 of Part 3 of the FATA in respect of the acquisition contemplated in this Announcement, and the 10 day period referred to in section 82(2)(a) of the FATA has ended or the period referred to in section 82(2)(b) of the FATA has ended (whichever is applicable).

### **3 No regulatory action**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (b) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (c) no application is made to any Public Authority (other than by Xingao or any of its Associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act) that restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offer or the acquisition of Bullseye Shares under the Offer or the completion of any transaction contemplated in this Announcement, or seeks to require the divestiture by Xingao of any Bullseye Shares, or the divestiture of any material assets of the Bullseye Group or Xingao.

### **4 No prescribed occurrences**

During the period from the date of this Announcement to the date that is three Business Days after the end of the Offer Period (each inclusive), none of the following occurrences (being the prescribed occurrences listed in section 652C of the Corporations Act) happens:

- (a) Bullseye converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) Bullseye or a Subsidiary of Bullseye resolves to reduce its share capital in any way;

- (c) Bullseye or a Subsidiary of Bullseye enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) Bullseye or a Subsidiary of Bullseye issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) Bullseye or a Subsidiary of Bullseye issues, or agrees to issue, convertible notes;
- (f) Bullseye or a Subsidiary of Bullseye disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) Bullseye or a Subsidiary of Bullseye charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (h) Bullseye or a Subsidiary of Bullseye resolves to be wound up;
- (i) a liquidator or provisional liquidator of Bullseye or of a Subsidiary of Bullseye is appointed;
- (j) a court makes an order for the winding up of Bullseye or of a Subsidiary of Bullseye;
- (k) an administrator of Bullseye or of a Subsidiary of Bullseye is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Bullseye or a Subsidiary of Bullseye executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Bullseye or a Subsidiary of Bullseye.

## **5 No material acquisitions, disposals or new commitments**

None of the following events occurs between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) Bullseye or another member of the Bullseye Group acquires, offers to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets, other than an interest in a member of the Bullseye Group which is held by another person for the benefit of any other member of the Bullseye Group) or makes an agreement for an amount or consideration in excess of \$400,000 for any individual item or in excess of \$2,000,000 in aggregate;
- (b) Bullseye or another member of the Bullseye Group disposes of or agrees to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) or makes an agreement for an amount or consideration in excess of \$400,000 for any individual item or in excess of \$800,000 in aggregate;
- (c) a member of the Bullseye Group enters into, agrees to enter into or amends or agrees to amend any farm-in, farm-out, joint venture or partnership or other agreement or arrangement that requires or is reasonably likely to involve payments, expenditure or the foregoing of revenue, by a member of the Bullseye Group in excess of \$400,000 in aggregate;
- (d) a tenement, permit or licence granted to or held by any member of the Bullseye Group relating to the Bullseye Projects is revoked, surrendered, relinquished or terminated or a member of the Bullseye Group agrees to the same without there being a reasonable likelihood of such tenement, permit or licence being allowed to continue, renewed or extended on terms which are no less favourable to the member of the Bullseye Group;

- (e) Bullseye or another member of the Bullseye Group acquires or disposes of any shares or other securities in any body corporate or any units in any trust, or substantially all of the assets of any business except where the aggregate consideration (agreed on an arm's length basis) paid or received by all members of the Bullseye Group for all such acquisitions or disposals does not exceed \$400,000 or enters into, or terminates any participation in, any partnership, joint venture or similar commitment;
- (f) Bullseye or another member of the Bullseye Group borrows an amount which when combined with all other amounts borrowed since the Announcement Date exceeds \$750,000 or enters into any swap, option, futures contract, forward commitment or other derivative transaction; or
- (g) Bullseye or another member of the Bullseye Group enters into, waives any material rights under, varies or terminates any contract, commitment or arrangement which may require annual expenditure by the relevant member of the Bullseye Group in excess of \$750,000 or is otherwise of material importance to the business of the Bullseye Group.

## **6 No Material Adverse Change**

Between the Announcement Date and the end of the Offer Period (each inclusive), no Material Adverse Change occurs.

## **7 No change of control rights**

Between the Announcement Date and the end of the Offer Period (each inclusive) no person has or will have any right as a result of:

- (a) Xingao making the Offer or announcing its intention to make the Offer, or acquiring Bullseye Shares under the Offer; or
- (b) Emerald making the Emerald Offer or acquiring Bullseye Shares under the Emerald Offer, to:
- (c) acquire, or require the disposal of, or require any entity within the Bullseye Group to offer to dispose of, any material asset of any entity within the Bullseye Group;
- (d) terminate, or vary the term or performance of, any material agreement with any entity within the Bullseye Group;
- (e) terminate, or vary the terms of any material Approvals, licences or permits issued by any Public Authority to any entity within the Bullseye Group; or
- (f) require repayment of any moneys borrowed by or any other indebtedness of any entity within the Bullseye Group earlier than its stated maturity date, or withdraw or inhibit the ability of any entity within the Bullseye Group to borrow moneys or incur indebtedness,

other than as fully and fairly disclosed by Bullseye to Xingao (including in the Emerald Offer Target's Statement) prior to the Announcement Date.

## **8 No distributions**

Between the Announcement Date and the end of the Offer Period (each inclusive), Bullseye does not make, determine as payable or declare any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

## 9 Due Diligence

### 9.1 Equal access to information

At all times during the period from the Announcement Date to the end of the Offer Period (both inclusive), Bullseye provides to Xingao a copy of:

- (a) all information that is not generally available (within the meaning of the Corporations Act) relating to Bullseye or any controlled entity of Bullseye or any of their respective businesses or operations that has been provided by Bullseye or any of their respective officers, employees, advisers or agents to:
  - (i) Emerald (or any employee, officer, advisor or consultant of or to Emerald) during the period from 6 November 2020 until the date of the Announcement with such information to be provided promptly and in any event within 10 Business Days) of the Announcement Date;
  - (ii) Emerald (or any employee, officer, advisor or consultant of or to Emerald) following the date of the Announcement with such information to be provided to Xingao promptly (and in any event within two Business Days) of it being provided to Emerald; or
  - (iii) any other person after the Announcement Date for the purposes of soliciting, encouraging or facilitating a proposal or offer (including, without limitation, any offer existing at the Announcement Date) by that person, or by any other person, in relation to a transaction under which:
    - (A) any person (together with its Associates) may acquire Voting Power of 10% or more in Bullseye or any controlled entity of Bullseye (whether by way of takeover bid, compromise or arrangement under Part 5.1 of the Corporations Act or otherwise);
    - (B) any person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure or otherwise), any interest in all or a substantial part of the business or assets of Bullseye or any controlled entity of Bullseye; or
    - (C) that person may otherwise acquire control or merge or amalgamate with Bullseye or any controlled entity of Bullseye,with such information to be provided to Xingao promptly (and in any event within two Business Days) of it being provided to that person;
- (b) All results, analyses and other related information in relation to or arising from the most up to date drill hole database including, without limitation, information such as:
  - (i) the drill hole collar location, downhole survey, lab assay results, and geological loggings;
  - (ii) the most recent resource model(s), any internal or independent resource modelling and analysis completed in respect of the Projects;
  - (iii) open pit operation data and other production data in 2021, and mining reconciliation reports for open pit operations in 2021; and
  - (iv) any geochemistry and geophysics information to assist to evaluate the Projects' exploration potential; and
- (c) All information in relation to the status of the tenements which are the subject of Warden's court proceedings.

## 9.2 Directors' statement of compliance

The Target's Statement issued by Bullseye in response to the Xingao Offer including a statement on behalf of the Directors of Bullseye that, as at the date of the Target's Statement, Bullseye has satisfied the condition set out in clause 9.1 and that none of the information disclosed in compliance with the condition set out in clause 9.1 has become incorrect or misleading or deceptive (including by omission) including as a result of any information coming into the possession of Bullseye since that information was provided to Xingao.

## 9.3 Emerald Offer Target's Statement not misleading

Nothing in the information provided by Bullseye to Xingao (including any information provided in compliance with the condition set out in clause 9.1) identifying that the Emerald Offer Target's Statement (and any Supplementary Target's Statement) issued by Bullseye does not comply in all respects with the requirements of section 636(1) or section 643(1) of the Corporations Act.

## 10 Rehabilitation liability

The rehabilitation liabilities in respect of the Bullseye Projects do not exceed \$2,500,000 in aggregate as at the Announcement Date or at the end of the Offer Period.

## 11 Share Capital

As at the Announcement Date:

- (a) there are no more than 445,599,851 Bullseye Shares on issue; and
- (b) there are no securities convertible into Bullseye Shares.

## 12 Conduct of business

Between the Announcement Date and the end of the Offer Period (each inclusive), no member of the Bullseye Group without the prior written consent of Xingao:

- (a) **(constitution)** changes its constitution (including adopting a new constitution or modifying or repealing its constitution or a provision of it) or passes any special resolution of shareholders;
- (b) **(guarantee)** enters into any guarantee, indemnity or guarantee and indemnity on behalf of any member of the Bullseye Group in relation to an amount in excess of \$400,000;
- (c) **(directors and key management personnel)** increases the remuneration or otherwise materially varies the engagement terms of or employment arrangements with any director of a member of the Bullseye Group or any key management personnel of the Bullseye Group where the total annual employment cost of that director or employee equals or exceeds \$200,000, except in accordance with contractual arrangements in existence on the Announcement Date or any determination of a board of a member of the Bullseye Group made prior to the Announcement Date;
- (d) **(third party agreement)** without prejudice to any other conditions, enters into or agrees to enter into any agreement or commitment with a third party that would require expenditure, the foregoing of revenue or the incurring of a liability by one or more members of the Bullseye Group in excess of \$400,000;
- (e) **(change to nature of business)** enters into any unusual or abnormal contract or commitment which is outside the ordinary course of Bullseye's business and which could reasonably be expected to:
  - (i) change the nature of the business conducted by the Bullseye Group; or



- (ii) have a material adverse impact on the business conducted by the Bullseye Group;
- (f) (**advisers**) pays or agrees to pay the costs and expenses of all Advisers to Bullseye Group in connection with the Offer where such costs and expenses exceed \$250,000;
- (g) (**accelerated rights**) accelerates the rights of any of its directors or employees to compensation or benefits of any kind (including, without limitation, the vesting of any performance rights);
- (h) (**remuneration and payments**) increases the remuneration of, makes any bonus payment, retention payment or termination payment to, or otherwise changes the terms and conditions of employment of:
  - (i) any Directors of Bullseye; or
  - (ii) any employee of any member of the Bullseye Group whose total employment cost exceeds \$250,000.
- (i) (**expenditure and Encumbrances**) incurs capital expenditure exceeding \$750,000 or, except in the ordinary course of trading, transfers or otherwise disposes of or creates any Encumbrance in respect of, assets having a value exceeding \$400,000;
- (j) agrees, conditionally or otherwise, to do any of the things referred to in sub-paragraph (a) to (i), or announces or represents to any person that any of those things will be done.

## 13 Definitions and interpretation

### 13.1 Definitions

**Advisers** means, in relation to an entity, its legal, financial and other expert advisers.

**Announcement** means this announcement titled 'Intention to Make Takeover Bid for Bullseye Mining Limited' and the conditions to the Offer in this Schedule 1.

**Announcement Date** means 3 February 2022.

**Approval** means:

- (a) a consent, authority, licence, approval, order, ruling, waiver or exemption that is required by law or by a Public Authority; or
- (b) in relation to anything that will be fully or partly prohibited or restricted by law if a Public Authority intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry or termination of that period without intervention or action

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning in section 12 of the Corporations Act as if subsection (1) of that section is included as a reference to this Announcement.

**ASX** means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

**Bullseye Group** means Bullseye and its Subsidiaries.

**Bullseye Projects** means Bullseye's three gold projects in Western Australia as at the date of this Announcement.

**Bullseye Share** means a fully paid ordinary share in Bullseye.

**Bullseye Shareholder** means a holder of one or more Bullseye Shares.

**Business Day** means a business day as defined in the Listing Rules of ASX.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Emerald** means Emerald Resources NL.

**Emerald Offer** means the takeover offer by Emerald announced on 7 December 2021 and as set out in the Bidder's Statement issued by Emerald dated 8 December 2021.

**Emerald Offer Target's Statement** means the Target's Statement dated 28 December 2021 issued by Bullseye in response to the Emerald Offer.

**Encumbrance** means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having the same effect.

**Material Adverse Change** means:

- (a) any act, omission, event, change, matter or circumstance occurring, or being discovered or becoming public (either individually or aggregated with other acts, omissions, events, changes, matters or circumstances) which has, will or is reasonably likely to have a material adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of the Bullseye Group taken as a whole (whether individually or when aggregated with one or more other events, matters or things); or
- (b) any event, matter or thing, as described in sub-paragraph (a), which occurred before the date of this Announcement but was not apparent from public filings of Bullseye before then, becomes public,

where the financial impact of such event, change, condition, matter or thing on the Bullseye Group exceeds \$750,000, but does not include:

- (i) anything which has arisen solely as a result of actions taken by any member of the Bullseye Group either in the ordinary course of its business or with the prior written approval of Xingao;
- (ii) those events or circumstances required to be done or procured by Bullseye pursuant to this Announcement;
- (iii) those events or circumstances relating to:
  - (A) changes in the global gold industry or security markets generally or a change in the market price of gold which impacts on Bullseye and its competitors in a similar manner;
  - (B) changes in law or in general economic, political or business conditions occurring after the date of this Announcement that impact Bullseye and its competitors in a similar manner; or
  - (C) changes in generally accepted accounting principles or the interpretation of them;
- (iv) those events or circumstances resulting from:
  - (A) an act of God, act of war declared or undeclared, public disorder, riot, civil disturbance, insurrection, rebellion, sabotage, cyber-attack or act of terrorists, pandemic (or worsening of it), technical failure, cable transmission and/or satellite failure or degradation, accident, lightning, storm, flood, fire, earthquake or explosion, cyclone, tidal wave, landslide

or adverse weather conditions occurring on or after the date of this Announcement; or

(B) any deterioration in equity or debt markets, interest rates, exchange rates or credit spreads that impact Bullseye and its competitors in a similar manner; or

(v) an event, circumstance, matter or information that has been disclosed by Bullseye in public filings by Bullseye with ASIC.

**Offer Period** means the period during which the Offer is open for acceptance.

**Public Authority** means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

**Relevant Interest** has the meaning given to it in the Corporations Act.

**Subsidiary** has the meaning given in the Corporations Act.

**Voting Power** has the meaning given in the Corporations Act.

## 13.2 Interpretation

- (a) In this Announcement and Schedule, headings are for convenience only and do not affect interpretation.
- (b) Mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included.
- (c) The following rules apply unless the context requires otherwise.
  - (i) The singular includes the plural, and the converse also applies.
  - (ii) A gender includes all genders.
  - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
  - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
  - (v) A reference to a section, paragraph or clause is a reference to a section of this Announcement.
  - (vi) A reference to a person includes the person's successors, permitted substitutes and permitted assigns (and, where applicable, the person's legal personal representatives).
  - (vii) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, any legislative provision substituted for it and a regulation or statutory instrument issued under it.
  - (viii) A reference to any instrument or document includes any variation or replacement of it.
  - (ix) A term not specifically defined in this Announcement has the meaning given to it in the Corporations Act (being, if any special meaning is given for the purposes of Chapter 6 or 6A of the Corporations Act or a provision of those chapters, that special meaning).
  - (x) A reference to time is to Perth, Western Australia time.

(xi) A reference to *dollars* or \$ is to Australian currency.