



GOLD ROAD MAKES UNCONDITIONAL ALL CASH TAKEOVER OFFER FOR APOLLO CONSOLIDATED

HIGHLIGHTS

- Gold Road makes an **unconditional** off-market takeover offer for Apollo Consolidated Ltd following prior engagement with Apollo and due diligence access.
- **All cash offer of \$0.56 per share**, implying an Apollo equity value of approximately **\$166 million** (fully diluted basis).
- Offer represents a compelling opportunity for Apollo shareholders to realise **certain and near-term value** compared to Ramelius Resources' highly conditional scrip and cash offer announced on Monday 18 October 2021¹.
- Gold Road's offer of cash represents a **premium** to the current value of Ramelius' cash and scrip offer of \$0.554².
- **Gold Road is Apollo's largest shareholder having acquired 19.9%** of Apollo's issued shares from key Apollo shareholders.
- The Gold Road Offer represents a superior proposal to the highly conditional Ramelius offer, with several conditions of theirs now **incapable of satisfaction**.
- The Gold Road Offer Price represents the all-time **highest price paid for an Apollo Share**.
- The Gold Road Offer Price represents an attractive and significant premium compared to Apollo's trading levels prior to 14 October 2021, the last trading day prior to the announcement of Ramelius Resources' highly conditional proposal:
 - 6% to the last closing price of Apollo Shares immediately prior to the Gold Road Offer;³
 - 40% over the 30 day volume weighted average price of \$0.400 of Apollo shares up to 14 October 2021 (last trading day prior to the Ramelius Offer); and
 - 73% over the 6 month volume weighted average share price of \$0.324 of Apollo Shares for the period up to 14 October 2021 (last trading day prior to the Ramelius Offer)
- Apollo shareholders will receive full cash consideration within:
 - if selling on the ASX, two business days after the sale (T+2), with brokerage payable by an Apollo shareholder; or
 - if accepting the off-market takeover offer following the opening of the offer, five business days of accepting Gold Road's Offer, with no brokerage⁴.
- Gold Road will fund the Offer with existing cash of \$116 million⁵ and by drawing down on its \$250 million Revolving Corporate Facility (currently undrawn).

ASX Code GOR

ABN 13 109 289 527

COMPANY DIRECTORS

Tim Netscher
Chairman

Duncan Gibbs
Managing Director & CEO

Brian Levett
Non-Executive Director

Maree Arnason
Non-Executive Director

Denise McComish
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¹ Refer to Apollo ASX announcement dated 18 October 2021

² Calculated based on Ramelius' closing price on 20 October 2021 of \$1.555

³ ASX Closing Price on 20 October 2021 of \$0.530

⁴ To accept the off-market takeover offer, please follow the instructions in Gold Road's Bidder's Statement released 21 October 2021

⁵ Cash as at 30 September 2021

Unconditional Cash Offer

Gold Road Resources Limited (**Gold Road** or the **Company**) (ASX:GOR) is pleased to announce an unconditional off-market takeover offer of \$0.56 cash per share (**Offer Price**) to acquire all of the issued and outstanding ordinary shares in Apollo Consolidated Limited (**Apollo**) (ASX:AOP) (each an **Apollo Share** and together the **Apollo Shares**) (the **Offer**).

Gold Road's Offer provides Apollo shareholders with a compelling opportunity to realise **certain and near-term value** for their Apollo Shares at an Offer Price that represents **the all-time highest price paid for an Apollo Share**.

The Offer Price also represents an **attractive and significant premium** to Apollo's recent share trading prior to 14 October 2021, the last trading day prior to the announcement by Ramelius Resources Limited (ASX:RMS) (**Ramelius**) on 18 October 2021 of its highly conditional proposal (**Ramelius Offer**), specifically:

- 6% to the last closing price of Apollo Shares immediately prior to the Gold Road Offer;
- 40% over the 30 day volume weighted average price of \$0.400 of Apollo Shares up to 14 October 2021 (the last trading day prior to the Ramelius Offer); and
- 73% over the 6 month volume weighted average share price of \$0.324 of Apollo Shares for the period up to 14 October 2021 (the last trading day prior to the Ramelius Offer).

The Offer extends to all Apollo Shares currently on issue, and those issued during the Offer period as a result of the exercise of currently issued options.

On-Market Purchases

Gold Road has a standing bid in the market for Apollo Shares at the Offer price of \$0.56 per share for all the Apollo Shares it does not own. Terms of settlement for Apollo Shares sold on this basis will be under normal ASX arrangements (T+2) and will be subject to brokerage.

Overview of Apollo and the Lake Rebecca Gold Project

Apollo's flagship asset is the Lake Rebecca Gold Project, located ~150 kilometres east-northeast of Kalgoorlie, Western Australia. Lake Rebecca hosts a JORC compliant Mineral Resource of 29.1 Mt at 1.2 g/t gold for 1,105koz of gold⁶. 74% of the Lake Rebecca Mineral Resource is in the Indicated category and is considered a robust platform for potential growth. The deposit remains open at depth and relatively untested along strike.

Apollo holds a considerable cash balance of approximately \$34.9 million (as at 31 August 2021)⁷. Apollo also has an interest in the Louisa nickel-copper sulphide project located in the Kimberley of Western Australia, which is currently the subject of farm-out arrangements by Apollo to IGO Limited (ASX:IGO).

Gold Road's Strategic Rationale

The Offer aligns with Gold Road's strategy to grow and diversify its growth pipeline with high quality, low risk opportunities in tier one jurisdictions.

This Offer follows a period of prior engagement with Apollo in relation to a potential transaction that has included due diligence access.

⁶ Refer to Apollo's ASX announcement dated 24 April 2021

⁷ Refer to Apollo ASX announcement dated 18 October 2021

Given a successful outcome, Gold Road intends to undertake continued exploration and studies designed to advance the Lake Rebecca Project. Gold Road has the balance sheet and capabilities to grow resources at Lake Rebecca and develop new mining operations. These activities are exactly aligned with Gold Road's core competencies, as demonstrated by the discovery of the Gruyere deposit, subsequent resource growth and definition and successful mine construction, commissioning and ramp-up. Gold Road's geological assessment has highlighted a number of as yet untested targets, and Gold Road's exploration team is experienced at exploring beneath transported cover in the region.

This strategic acquisition will complement and enhance Gold Road's existing exploration pipeline by providing an advanced exploration project and diversifying the Company's resource base, aligning with the Company's objective of developing a second operating mine.

Funding of the Offer by Gold Road

The Offer implies a fully diluted equity value for Apollo of approximately \$166 million. Gold Road will fund the acquisition of Apollo Shares from:

- \$116 million in cash and short-term deposits (excludes dore and bullion)⁸
- drawing down on the \$250 million undrawn Revolving Corporate Facility⁹, which is comprised of the following tranches:
 - \$100 million which matures in February 2023; and
 - \$150 million which matures in September 2024.

Acceptance of Offer by Key Apollo shareholders makes Gold Road Apollo's largest shareholder

Gold Road has acquired a 19.9% shareholding in Apollo to emerge as Apollo's largest shareholder.

The decision of several of Apollo's key shareholders to sell their shares in Apollo to Gold Road for \$0.56 per share in cash consideration (i.e. at the Offer Price) highlights the attractiveness of the Offer Price.

Key Benefits of the Offer for Apollo Shareholders

- **Attractive and significant premium** – The Offer represents an attractive and significant premium to recent trading levels of Apollo Shares.
- **Certain and immediate value for Apollo Shareholders** – Given the unconditional Offer Price comprises 100% cash, Apollo shareholders will receive a certain, near-term and attractive value for their Apollo Shares. By accepting the Offer, Apollo shareholders will receive a cash payment of \$0.56 for every Apollo Share held within five business days of the date that Apollo shareholders accept the offer.
- **No brokerage fees for off-market acceptances** – Apollo shareholders will not incur any brokerage fees if they accept the off-market takeover offer. If Apollo shareholders sell on market, brokerage will be incurred by Apollo shareholders.

⁸ Cash only at 30 September 2021. Excludes circa \$8 million of bullion and dore on hand

⁹ See Gold Road ASX announcement dated 18 September 2020

- **Gold Road's Offer is unconditional** – Gold Road's Offer is unconditional and can be accepted immediately following the commencement of the offer period. By comparison, Ramelius' highly conditional proposal is subject to 15 conditions, including a 90% minimum acceptance condition and a prohibition on any person acquiring a relevant interest of 10% or more in Apollo Shares. These two conditions are not capable of satisfaction and will need to be waived by Ramelius.
- **Avoidance of future funding and associated dilution risk** – The Rebecca Gold Project will likely require additional financing in the medium term to fund project development activities. To the extent that some or all of this additional funding is sought in the form of equity, if Apollo shareholders do not accept the Offer (or any other takeover offer), Apollo shareholders would need to contribute commensurately with their existing shareholding to avoid their proportionate interest in Apollo being diluted.
- **Avoidance of inherent risk** – Apollo shareholders who accept the Offer will no longer be exposed to a variety of risks including, among others, exploration, project development and operational risks, regulatory, equity market, gold price and economic risks inherent in their shareholding.

Gold Road's Offer Represents a Superior Offer

Gold Road now holds 19.9% of the Apollo Shares on issue, which makes the highly conditional Ramelius Offer incapable of completion in its current form.

As at 21 October 2021, approximately 39%¹⁰ of the value of Ramelius' Offer is attributable to the Ramelius scrip component, which gives rise to variability of value as Ramelius' share price is impacted by a variety of factors including, among others, operational performance, equity market performance, gold price, COVID-19 impacts and restrictions, availability and cost of labour and key input costs, amongst other matters. The Ramelius Resources' share price has fallen 4.3% since announcement of its highly conditional offer.¹¹

Timetable and Next Steps

Detailed information relating to the Offer is set out in the Bidder's Statement which has been released to the ASX by Gold Road concurrently with this announcement. The Bidder's Statement is expected to be dispatched to Apollo shareholders on or around 5 November 2021.

Gold Road wishes to advise it will be holding an **investor and analyst conference call** discussing the unconditional offer at **9.00am AWST/ 12.00pm AEDT on Thursday, 21 October 2021**.

A live webcast of the briefing will be available by clicking [here](#) or at www.goldroad.com.au/webcast. Please login 5 minutes before the call to register your details. A recording of the webcast briefing will be available on the Company's website following the conclusion of the webcast at www.goldroad.com.au/webcast.

Apollo shareholders may accept the Offer off-market without any brokerage by following the instructions in the Bidder's Statement. Apollo shareholders may also sell shares on-market by contacting your broker (note brokerage will payable).

Advisers

Gold Road's financial adviser and broker is Argonaut and its legal adviser is King & Wood Mallesons.

This release was authorised by the Board of Directors of Gold Road.

¹⁰ The precise extent of the value contribution from the Ramelius scrip component of the Ramelius Offer will vary with the trading price of Ramelius shares on ASX.

¹¹ Calculated based on Ramelius' closing price on 20 October 2021 of \$1.555 in comparison to Ramelius' closing price on 15 October 2021 of \$1.625

Gold Road Contacts:

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