

SE Business
HD **WestSide Corp resists Chinese takeover bid**
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Takeovers: At the very least, there are some reasonably sized players having a serious look at outbidding private Chinese company Landbridge Group for Queensland coal-seam gas player WestSide Corp.

Despite three top-10 shareholders selling to Landbridge and giving the predator a 19.9 per cent base, the directors are unanimously recommending the other 80.1 per cent of investors knock back the sweetened \$178 million hostile cash bid.

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This includes John Clarke, managing director and founder of Infrastructure Capital Group, who remains on the board despite ICG selling its 11.3 per cent stake to Landbridge from underneath Clarke after he recused himself from discussions on the matter.

WestSide released its target's statement yesterday, revealing it was in discussions "which may result in an alternative offer being made for the company".

Of course there is no certainty of a better offer for the biggest remaining Queensland CSG resource not controlled by an LNG proponent.

But the talks have involved the appointment of advisers by prospective bidders, so they're being treated seriously.

Santos (a WestSide customer) and Mitsui (a partner in the Meridian gas field) are likely to be in the talks, given they have an interest in assuring WestSide's assets run smoothly.

WestSide's target statement gave the most transparent public view of an oil-linked gas contract since the new pricing mechanism became standard for east coast gas deals a couple of years ago.

And it confirms it will cost \$9 a gigajoule or more if you plan to compete with the three big Gladstone LNG proponents for gas.

WestSide has signed a 20-year deal to supply gas from the Meridian field to the Santos-led Gladstone LNG project at triple the price it presently receives.

Providing WestSide with up to \$110 million of revenue a year at full production rates, the gas will be sold at an undisclosed fixed price next year.

But from 2016 it will be oil-linked, and this will step up "slightly" in 2017. In 2017, at present Japanese Customs-cleared (JCC) oil prices of \$US110, the gas price is \$US8.60 a gigajoule. At \$US100, it will be \$US7.95 and at \$US110, it will be \$US9.24.

The prices are in line with reports of gas prices that are being reached but this is the first time anyone has laid them out so explicitly. WestSide had hoped the Santos gas deal would spur a re-rating of its share price and the board has been surprised it hasn't. Yesterday's target statement helped, though.

WestSide shares jumped 2.5c, or 6.5 per cent, to 41c, clearing Landbridge's 40c bid price for the first time.

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