

WESTGOLD RESOURCES LIMITED

(ASX: WGX)

Takeover Offer For Musgrave Minerals Limited

(ASX: MGV)

WAYNE BRAMWELL



MANAGING DIRECTOR

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All dollar values are in Australian dollars (A\$ or AUD) unless otherwise stated. Amounts, totals and change percentages are calculated on whole numbers and not the rounded amounts presented. This document includes certain historical financial information extracted from Westgold's and Musgrave's reviewed or audited consolidated financial statements and information released to ASX. The historical financial information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

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Forward-looking statements

Some statements in this report regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future matters. Forward-looking statements include, but are not limited to, statements preceded by words such as "planned", "expected", "projected", "estimated", "may", "scheduled", "intends", "anticipates", "believes", "potential", "could", "nominal", "conceptual" and similar expressions. Forward-looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward-looking statements may be affected by a range of variables that could cause actual results to differ from estimated results and may cause Westgold's actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include but are not limited to liabilities inherent in mine development and production, geological, mining and processing technical problems, the inability to obtain any additional mine licenses, permits and other regulatory approvals required in connection with mining and third party processing operations, competition for among other things, capital, acquisition of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, changes in commodity prices and exchange rate, currency and interest fluctuations, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, the ability to secure adequate financing and management's ability to anticipate and manage the foregoing factors and risks. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. There can be no assurance that forward-looking statements will prove to be correct.

Important Notice and Disclaimer



Westgold Project Information

The information in relation to the Mineral Resources and Ore Reserves of Westgold is extracted from the Westgold announcement “Resources and Reserves Statement 2022”. Refer to the ASX release on 23 September 2022 for the Westgold “Resources and Reserves Statement 2022” and the accompanying assumptions, technical parameters and explanatory notes.

The information in relation to the production guidance is extracted from the Westgold announcement “Westgold delivers FY22 and releases guidance for FY23” dated 26 August 2022. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. The stated production target is based on Westgold’s current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

At the date of this presentation, Westgold is not aware of any new information or data that materially affects the information included in the original announcements and considers that all material assumptions and technical parameters underpinning the information in the relevant market announcement continue to apply and have not materially changed.

Musgrave Information

The information in this presentation about Musgrave has been prepared based on publicly available information. Accordingly, Westgold does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. In particular, Westgold has not independently verified the information relating to Musgrave’s Mineral Resources contained in this presentation. Please refer to Musgrave’s announcement released to ASX on 31 May 2022 entitled “Cue Mineral Resources increases to 927,000 ounces” for further details and for the Competent Person’s Statement relating to Musgrave’s Mineral Resources.

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Authorisation

Authorised for release by the board of directors of Westgold.



A Better Option for Musgrave Shareholders

“Westgold’s view is that Musgrave’s plan to construct a new, small processing plant within close trucking distance of two established larger processing plants is ambitious.

Their proposed development path costing \$121 million in startup capital at a PFS level of certainty materially escalates risk to Musgrave shareholders, as it exposes them to all the uncertainties, challenges and dilution associated with project development. It is a high risk and inefficient use of their shareholder’s capital at a time when securing capital for small scale, single asset companies is becoming more difficult and costly.

Those risks will escalate and will include approvals, financing, construction, the competition for scarce labour and the myriad of schedule and capital cost blow outs evident in many recent Western Australian resource project start-ups.

There is a faster and lower risk solution available to Musgrave shareholders to see their Cue gold assets developed in a timely manner.

Westgold is an established, well-funded owner and operator of two processing hubs in the Murchison region. The combination of Musgrave’s assets with our regional infrastructure and operating teams will fast track and de-risk the development of Musgrave’s Cue Gold Project and provides Musgrave shareholders immediate exposure to a much larger, established Western Australian gold producer.

The Westgold offer provides a logical, capital efficient and fast track solution that delivers immediate value to both Musgrave and Westgold shareholders and can rapidly enhance production scale and profitability of the combined Group.”

Wayne Bramwell | Managing Director

ASX : WGX – An Established and Well Funded Gold Producer



240koz to 260koz

FY23 Production Guidance¹



A\$1,900 to A\$2,100 per ounce

FY23 AISC Guidance¹



7.9Moz Mineral Resource, 2.1Moz Ore Reserve

R&R as at 30 June 2022²



Strong Balance Sheet, Generating Free Cash Flow

A\$168M of cash, bullion and liquid assets as at 31 March 2023

No forward sold ounces by August 2023 and debt free³



Structuring for profitability

and growth into FY24

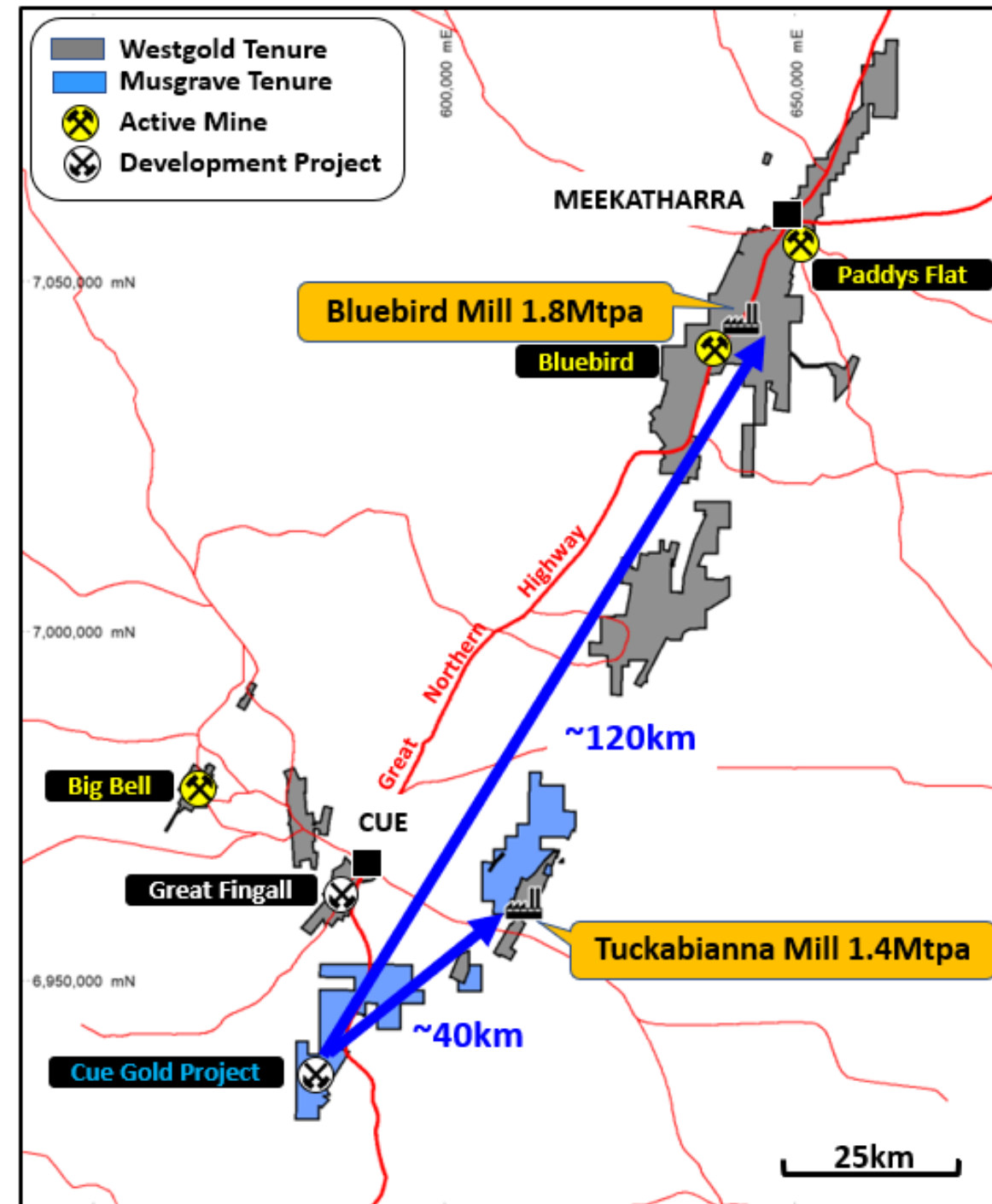
1. Refer Westgold ASX announcement dated 26 August 2022 - Westgold delivers FY22 and releases guidance for FY23
2. Refer Westgold ASX announcement dated 23 September 2022 – 2022 Resources and Reserves statement
3. Refer Westgold ASX announcement dated 26 April 2023 – March Quarterly Report



Westgold Offer To Acquire Musgrave

- Westgold to acquire Musgrave Minerals Limited (ASX:MGV), owner of the Cue Gold Project located proximal to Westgold's Murchison Operations, via an all-scrip off-market takeover
- Musgrave's Cue Gold Project hosts a Mineral Resource of 12.3Mt @ 2.3g/t Au for 927koz Au, including the high-grade Break of Day deposit which hosts 982Kt @ 10.4g/t Au for 327koz Au¹
- Musgrave shareholders to receive \$0.30 per share, providing a highly attractive premium
- Westgold's financial capacity, operational expertise and established infrastructure fast tracks and de-risks the development of Musgrave's Cue Gold Project
- Creates a larger, more profitable and highly investible Western Australian gold miner through logical and capital efficient consolidation of both company's regional assets

1. Refer Musgrave ASX announcement dated 31 May 2022 – Cue Mineral Resource Increases to 927,000 ounces



Transaction Overview

Structure

- Westgold to acquire all of the issued outstanding ordinary shares in Musgrave via an all-scrip off-market takeover (the “Offer”)

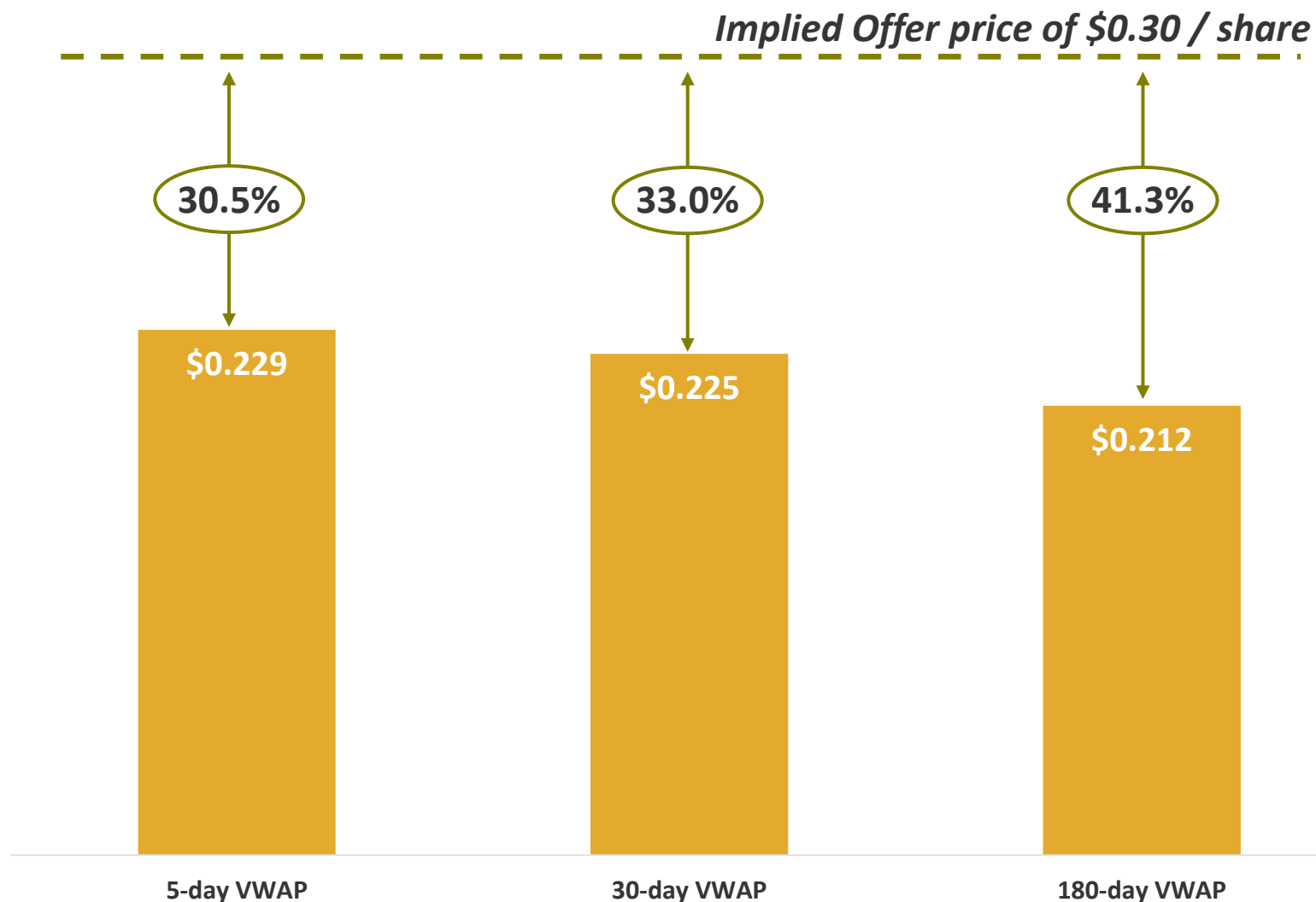
Offer Considerations

- Offer price of \$0.30 per share
- 1 Westgold share for every 5.37 Musgrave shares held
- Offer price implies an undiluted equity value for Musgrave of \$177.3 million
- Musgrave shareholders will own 18.9% of the Combined Group

Offer Conditions

- Limited conditions including:
 - 50.1% minimum acceptance threshold
 - No Material adverse changes
 - Other customary conditions

Compelling Offer Premium^{1,2,3,4}



1. All volume weighted average prices (VWAP) have been calculated from 2 June 2023, the last day before the loss of confidentiality affected Musgrave's share price and volumes
2. 5-day volume VWAP of Musgrave shares is calculated from 29 May 2023 to 2 June 2023, data is sourced from IRESS.
3. 30-day VWAP of Musgrave shares is calculated from 21 April 2023 to 2 June 2023, data is sourced from IRESS.
4. 180-day VWAP of Musgrave shares is calculated from 14 September 2023 to 2 June 2023, data is sourced from IRESS.

Significant Benefits for Musgrave Shareholders



Strong Strategic Rationale

Fast tracking development of the Cue Gold Project

- ✓ Westgold's 1.4Mtpa Tuckabianna mill and 1.8Mtpa Bluebird mill are located 40km and 120km to the north of Musgrave's Cue Gold Project respectively
- ✓ Westgold has a proven operational track record and the financial capability to develop Musgrave's assets
- ✓ Removes duplication of processing infrastructure, overhead costs and corporate costs

More Efficient Capital Use

Materially reduces approval, financing, construction, capital and operating risks

- ✓ Ability to develop Musgrave assets with reduced funding risk and significant shareholder dilution
- ✓ Musgrave's Stage 1 PFS assumes \$121M start up capital in a high risk economic environment for developers¹
- ✓ Immediately saves \$80M capital and construction time associated with Musgrave's proposed standalone 500ktpa processing plant

Retain Interests as a Shareholder

Become part of a well funded, cash generating gold producer with exposure to Musgrave's assets

- ✓ Westgold is a leading Australian gold producer and has consistently delivered production of 240-260koz per annum
- ✓ Westgold is well funded with \$168M in cash and liquid assets as at 31 March 2023
- ✓ Improved trading liquidity with approximately 3.1M shares traded per day²
- ✓ Market capitalisation of \$763M on 2 June 2023

Capital Gains Tax rollover relief

- ✓ If Westgold acquires at least 80% of Musgrave shares, Capital Gains Tax rollover relief may be available to Musgrave shareholders in relation to the Offer Consideration

... All underpinned by compelling Offer premiums

1. Refer Musgrave ASX announcement dated 17 April 2023 – Stage 1 PFS Demonstrates Potential Value of Cue Gold Project
2. Based on the last 12 months of trading. Trading data sourced from IRESS.

Combination creates a ~\$940M¹ Australian gold producer with...



8.8Moz of combined Gold Mineral Resources²



Potential to increase annual production to 290-300koz of gold³



Potential to reduce AISC through economies of scale and incremental production from Musgrave's shallow, high grade open pit ore



Strengthened balance sheet with approximately \$180M cash and liquid assets⁴



1. Based on the Musgrave undisturbed closing price of \$0.24 and Westgold closing price of \$1.61 on 2 June 2023
2. Combined Group Mineral Resources based on Westgold Resources of 7.9Moz and Musgrave Resources of 927koz. See company Reserves and Resources statements.
3. Refer to the Important Notice and Disclaimer section in this Presentation.
4. Based on Westgold cash and cash equivalents of \$168 million and Musgrave cash and cash equivalents of \$11.8 million as reported in the company's March Quarterly Reports.

Transaction Process & Timing



**Bidder's statement
lodged with ASX**

Imminent



**Bidder's statement sent to
Musgrave shareholders**

Two weeks post ASX lodgement



Offer open

Open for at least one month

Summary



Westgold to acquire Musgrave via an all-scrip, off market takeover

Materially de-risks Musgrave's Cue Gold Project by leveraging Westgold's established processing infrastructure

Logical, capital efficient consolidation rationale that enhances value of combined group

Musgrave shareholders to receive a highly attractive premium with \$0.30 Offer price

Combination builds a larger, more profitable and investable Australian gold producer





Want to know more ?

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