

WESTGOLD ANNOUNCES TAKEOVER OFFER FOR MUSGRAVE

Westgold Resources Limited (ASX: WGX) (**Westgold** or the **Company**) is pleased to announce an all-scrip off-market takeover offer (the **Offer**) for all of the issued outstanding shares in Musgrave Minerals Limited (ASX: MGV) (**Musgrave**). Under the terms of the Offer, Musgrave shareholders will receive 1 fully paid Westgold ordinary share for every 5.37 Musgrave shares held (**Offer Consideration**). The Offer Consideration implies an undiluted equity value for Musgrave of \$177.3 million or \$0.30 per share¹.

The Offer provides Musgrave shareholders the opportunity to see their gold assets developed by a well-funded, debt free and experienced gold miner in a timely and capital efficient manner. It provides an immediate and attractive premium that sidesteps the high risk, dilutive and arduous process of approval, finance, construction and start-up of a small, stand-alone processing facility in a region already well serviced with processing infrastructure.

The combination of Westgold and Musgrave is a logical and capital efficient solution that consolidates both groups' regional assets into a larger scale, more profitable and highly investable Western Australian focused gold miner. This combined entity would be underpinned by Westgold's technical capability, team and strong financial position comprising cash and liquid assets of approximately \$180 million and nil debt².

This Offer announcement follows Westgold's initial approach to Musgrave on Thursday, 1 June seeking positive engagement in respect of a potential takeover bid.

A non-binding offer letter (with the same terms as announced in this Offer) together with an associated process deed (**Proposal**) was formally presented to Musgrave for consideration on Friday, 2 June at a meeting between key respective executives. Westgold has been advised that the Proposal remains under consideration from the Musgrave Board.

Unfortunately, Westgold considers that the Proposal's confidentiality has now been compromised as evidenced by yesterday's Musgrave share trading volumes which were approximately 6.6 times higher than the average 12-month daily share turnover³ and resulted in a 6.25% share price increase, notwithstanding that Musgrave released no ASX announcement, the gold price was lower and Western Australia had a public holiday. Westgold looks forward to engaging as soon as practicable with Musgrave and its advisers in respect of this highly attractive Offer.

HIGHLIGHTS

- Westgold to acquire all of the issued outstanding shares in Musgrave via an all-scrip off-market takeover bid.
- Musgrave shareholders to receive 1 new fully paid Westgold ordinary share for every 5.37 Musgrave shares held.

¹ Based on the Offer Consideration price of \$0.30 and Westgold's closing price of \$1.61 on 2 June 2023 (being Westgold's share price at the time of Westgold's Proposal and before the loss of confidentiality affected Musgrave's share price and volumes).

² Based upon Westgold and Musgrave last reported cash and liquid positions as at 31 March 2023 – refer respective Quarterly Reports.

³ On Monday, 5 June Musgrave traded approximately 4.6M shares which can be compared to the average 12 month daily turnover in Musgrave of approximately 0.7M shares. Data is sourced from IRESS.



- The Offer Consideration represents a highly attractive and immediate premium of:
 - **30.5%** to the 5-day VWAP of Musgrave shares of \$0.229 on 2 June 2023⁴;
 - **33.0%** to the 30-day VWAP of Musgrave shares of \$0.225 on 2 June 2023⁵; and
 - **41.3%** to the 180-day VWAP of Musgrave shares of \$0.212 on 2 June 2023⁶.
- The Offer Price implies an undiluted equity value for Musgrave of \$177.3 million⁷.
- Westgold has been a long-term shareholder in Musgrave and currently holds a 2.4% shareholding.
- The Offer will be subject to a **50.1%** minimum acceptance condition and minimal other Offer conditions.

Westgold will host a conference call at **10:30am AEST on Tuesday 6 June 2023**. To listen in live, please click on this [link](#) and register your details.

Commenting on the Offer, Westgold Managing Director Wayne Bramwell said:

“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.”

⁴ Based on the undisturbed Musgrave closing price of \$0.24 on 2 June 2023, calculated from 29 May 2023 to 2 June 2023, data is sourced from IRESS.

⁵ 30-day Volume weighted average price (VWAP) of Musgrave shares is calculated from 21 April 2023 to 2 June 2023, data is sourced from IRESS.

⁶ 180-day VWAP of Musgrave shares is calculated from 14 September 2023 to 2 June 2023, data is sourced from IRESS.

⁷ Calculated as 591.2 million undiluted ordinary shares outstanding multiplied by the Offer Price of \$0.30 per Musgrave share



Figure 1 – Westgold’s 1.4Mtpa Tuckabianna Processing Hub – 40km from Musgrave’s Cue Gold Project

RATIONALE FOR THE OFFER

Westgold is a leading ASX listed gold focused company with a current market capitalisation of \$763m⁸, cash and liquid assets of \$168m and nil debt as at 31 March 2023⁹. The Company currently produces ≈240-260koz¹⁰ of gold per year from its Murchison and Bryah operations in Western Australia. It is an owner operator of its mines and supported by extensive mining equipment and fleet which has an estimated replacement value of approximately \$200 million.

The Offer provides the opportunity to build a larger scale, more profitable Western Australian gold producer that is dominant in the Murchison region. Westgold considers this Offer as a sensible and logical consolidation outcome that unlocks value for both sets of shareholders.

⁸ Based on the Westgold closing price of \$1.61 as at 2 June 2023

⁹ Refer to ASX release of 26 April 2023 – Westgold March 2023 Quarterly Report

¹⁰ Refer to the Compliance Statements in this announcement

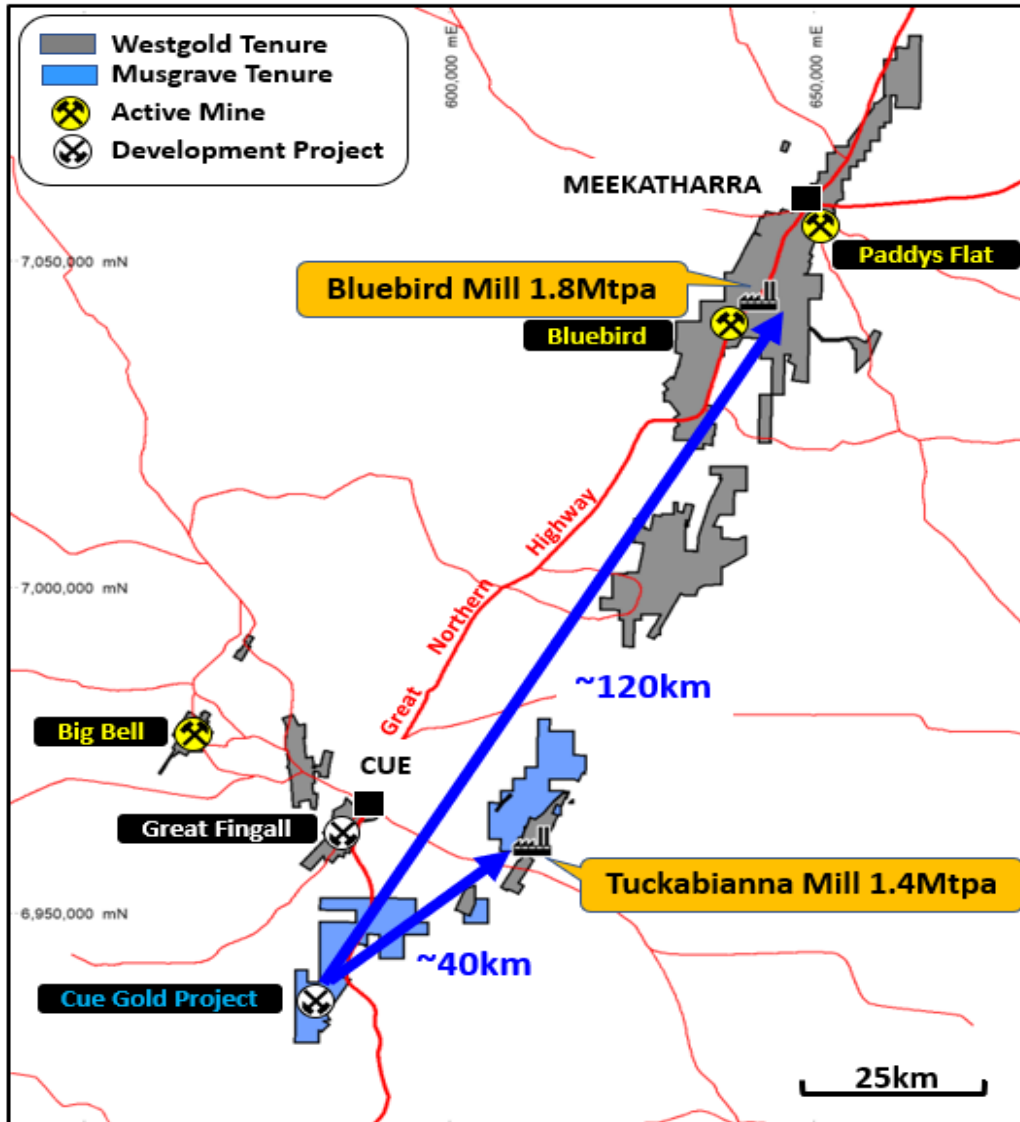


Figure 2 – Westgold and Musgrave Murchison Tenure and Operations

KEY BENEFITS OF THE OFFER FOR MUSGRAVE SHAREHOLDERS

By accepting the Offer, Musgrave shareholders will receive an up-front benefit in the form of a highly attractive premium and value being offered by Westgold along with the subsequent benefits that will likely become available to all shareholders of the Combined Group. Those benefits include:

- **The Offer is underpinned by the strong strategic rationale of logical regional consolidation**

Westgold’s 1.4Mtpa Tuckabianna mill and 1.8Mtpa Bluebird mill are situated only 40km and 120km to the north of Musgrave’s Cue Gold Project respectively (Figure 2). The Westgold Board and management team have a successful operational track record in the Western Australian mining sector.

Combining these assets is a capital efficient and low risk option that will fast track the development, mining and processing of the high-grade Break of Day and White Heat - Mosaic deposits and potentially other deposits within the wider Cue Gold Project area.



The combination will remove the capital burden and risk from Musgrave shareholders in funding, construction and operating mining and processing infrastructure in a region already well serviced with processing capacity. These savings can be applied to value-adding activities such as immediate mine development and further exploration drilling to advance the next open pit targets within the Cue region.

- **Opportunity to own shares in Westgold, a leading ASX gold producer, whilst still retaining exposure to the future development of the Musgrave assets**

Westgold is an established mine operator. It owns and operates three processing hubs located across the Murchison and Bryah regions of Western Australia that produce approximately 240,000-260,000oz of gold per annum¹¹.

The Murchison region (hosting Westgold's Cue and Meekatharra gold operations) produces approximately 200,000oz of gold per annum on a combined basis. The Fortnum Gold Operation in the Bryah region has contributed approximately 50,000oz of gold per annum¹⁰.

The combination of Westgold and Musgrave creates an enlarged company with enhanced scale, market relevance and trading liquidity and offers the potential of a market re-rate through possible inclusion in the ASX All Ordinaries indices and other investor indices.

- **The Offer significantly reduces the capital burden and approval, financing, construction, project development and operating risks associated with being a Musgrave Shareholder**

Musgrave's Stage 1 Prefeasibility Study (PFS) released in April 2023 assumes pre-production capital costs of **\$121 million** for open pit pre-stripping, construction of a 500ktpa plant, tailings storage facility, camp facilities, other infrastructure and contingencies associated with the outlined development. The combination of Westgold and Musgrave immediately removes the PFS \$80 million capital hurdle and construction timeline associated with Musgrave's plan to construct a standalone 500ktpa processing facility, as this would no longer be required.

As set out in the PFS, the Cue Gold Project would only have an initial mine life of five (5) years based on open pit and underground JORC (2012) Mineral Resources. Significant additional drilling and technical work will be required to convert these JORC (2012) Mineral Resources into Ore Reserves to support a potential future project financing and decision to mine. **Any such financing is likely to involve significant dilution to Musgrave shareholders.**

Future development of the Cue Gold Project is also likely to face significant capital and resourcing risks associated with the inflationary environment and ongoing skill and labour shortages that are adversely affecting the development of Western Australian mining projects.

By becoming a Westgold shareholder, Musgrave shareholders immediately benefit from becoming shareholders in an established, well-funded, larger and leading Australian gold company.

¹¹ Refer to the Important Information in this announcement.



- **Improved ESG outcomes for all stakeholders**

Consolidating the assets of Westgold and Musgrave will eliminate wasteful duplication of infrastructure and allow for a smaller development footprint and environmental impact. It also represents the quickest path to production for the Cue Gold Project so that benefits of employment, commercial opportunities and royalties flow to local communities more quickly and with greater certainty.

- **Opportunity to receive CGT rollover relief for the Offer consideration**

If Westgold acquires at least 80% of Musgrave shares under the Offer, Capital Gains Tax (CGT) rollover relief may be available to Musgrave shareholders in relation to the Offer Consideration.

Bidder's Statement

Further information about the benefits and risk factors relating to the Offer will be set out in Westgold Bidder's Statement.

THE COMBINED GROUP

Upon Westgold acquiring all of the outstanding Musgrave shares under the Offer, Westgold will have approximately 583.8M shares on issue¹² with Musgrave shareholders owning approximately 18.9% of the Combined Group (on an undiluted basis).

The Combined Group will have an estimated market capitalisation of approximately \$940 million¹³, available cash and liquid assets of more than \$180 million¹⁴ and multiple cash generative gold assets throughout the Murchison and Bryah regions in Western Australia.

Importantly, the Combined Group will consolidate Westgold's dominant regional tenements, Mineral Resources and Ore Reserves, mining and processing infrastructure across the Murchison region.

The combination of Westgold's assets and Musgrave's Cue Gold Project will create a Combined Group with:

- **Combined Mineral Resources of 8.8Moz of gold;**
- **Potential to rapidly increase annual production to 290 - 300koz of gold with additional production from the shallow, high grade Musgrave open pit ore¹⁵;**
- **Potential economies of scale that enhances Westgold profitability and reduce All in Sustaining Costs (AISC) across the Murchison Operations; and**
- **Potential enhanced investment appeal of the Combined Groups' scale and production profile.**

¹² Assumes Westgold issues 110.1 million new shares to Musgrave shareholders under the Offer

¹³ Based on the Musgrave Offer Consideration price of \$0.30 and Westgold closing price of \$1.61 on 2 June 2023.

¹⁴ Based upon Westgold and Musgrave last reported cash and liquid positions as at 31 March 2023 – refer respective Quarterly Reports.

¹⁵ Refer to the Important Information in this announcement.



PROCESS AND TIMING

Westgold expects the Bidder's Statement will be lodged with ASIC shortly and sent to Musgrave shareholders approximately 2 weeks thereafter. Following the dispatch of the Bidder's Statement the Offer will remain open for at least one month. These dates may vary as permitted under the *Corporations Act 2001* (Cth).

A full list of the Offer conditions is provided in **Appendix A** of this announcement.

Further information about the Offer will be set out in Westgold Bidder's Statement.

CONFERENCE CALL

Westgold will host a conference call at **10:30am AEST on Tuesday 6 June 2023**. To listen in live, please click on this [link](#) and register your details.

ADVISERS

Argonaut PCF is acting as financial adviser and DLA Piper as legal adviser to Westgold.

ENDS

THIS ANNOUNCEMENT IS AUTHORISED FOR RELEASE TO THE ASX BY THE BOARD.

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IMPORTANT INFORMATION

Not an offer and not financial product advice

This document does not constitute or contain an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any security in Westgold or Musgrave. This document is not a prospectus, product disclosure statement, bidder's statement or other offering document under Australian law or any other law and will not be lodged with the Australian Securities and Investments Commission. The distribution of this document in the United States and elsewhere outside Australia may be restricted by law and you should observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

No securities of Westgold or Musgrave will be registered under the US Securities Act of 1933 and no securities will be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

This document is not financial product advice and does not take into account the investment objectives, taxation situation, financial situation or needs of individuals. Before making an investment decision, investors should consider the appropriateness of the information, and any action taken on the basis of the information, having regard to their own objectives, financial situation and needs, and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

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.

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 production target will be met.

At the date of this document, 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 document 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 document. 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.



Annexure A

Consideration, convertible securities and Offer conditions

1. Consideration

Subject to the detailed terms of the Offer set out in Westgold's Bidder's Statement, Musgrave Shareholders will receive 1 Westgold Share for every 5.37 Musgrave Shares held, subject to the rounding of fractional entitlements and treatment of foreign Musgrave Shareholders (which will be specified in the Bidder's statement).

2. Musgrave convertible securities

Pursuant to section 617(2) of the Corporations Act, the Offer will extend to Musgrave Shares issued during the Offer period on the exercise of Musgrave Options.

3. Conditions of the Offer

The Offer and any contract that results from your acceptance of the Offer, is subject to the defeating conditions in this paragraph 3:

- (a) **Minimum Acceptance** – During, or at the end of, the Offer Period, the number of Musgrave Shares in which Westgold has a Relevant Interest is at least 50.1% of all the Musgrave Shares on a fully diluted basis.
- (b) **No Musgrave Prescribed Occurrence prior to the Offer Period** – No Musgrave Prescribed Occurrence occurs between the Announcement Date and the commencement of the Offer Period (inclusive).
- (c) **No Musgrave Prescribed Occurrence during the Offer Period** – No Musgrave Prescribed Occurrence occurs during the Offer Period.
- (d) **No Musgrave Regulated Event** – No Musgrave Regulated Event occurs between (and including) the Announcement Date and the end of the Offer Period (inclusive).
- (e) **No Musgrave Material Adverse Change** – No Musgrave Material Adverse Change occurs between the Announcement Date and the end of the Offer Period (inclusive).
- (f) **Minimum Bid Price** – No requirement arises under section 621(3) of the Corporations Act (as modified by *ASIC Corporations (Minimum Bid Price) Instrument 2015/1068*) to increase the Offer Consideration as a result of a fall in the value of a Westgold Share after the Announcement Date.

4. Definitions

In this annexure the following words have these meanings unless the contrary intention or the context otherwise requires:

Accounting Standards means:

- (a) the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts; and
- (b) generally accepted accounting principles that are consistently applied in Australia, except those inconsistent with the standards or requirements referred to in paragraph (a).

Announcement Date means the date of this announcement.



ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and, where the context requires, the financial market that it operates.

Authorisation means:

- (a) an approval, authorisation, consent, declaration, exemption, notarisisation, licence, quota, permit or waiver, however described, and any condition attaching to it; and
- (b) in the context of anything that could be prohibited or restricted by law if a Government Agency acts in any way within a specified period, the expiry of the period without that action being taken,

including any renewal, consolidation, replacement, extension or amendment of any of them.

A\$ or \$ means Australian dollars.

Control has the meaning given in section 50AA of the Corporations Act.

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

Encumbrance means an interest or power:

- (a) reserved in or over any interest in any asset including any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power, by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and includes any agreement to grant or create any of the above.

Government Agency means any government, any department, officer or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity whether in Australia or elsewhere and includes any minister, ASIC, the Takeovers Panel and any regulatory organisation established under statute or any stock exchange.

JORC Code means the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition).

Key Tenement means E58/507, M58/224, M58/225, M58/366, M58/367, M21/106 and M21/107.

Material Contract means:

- (a) the earn-in and joint venture agreement dated on or around 17 September 2019 between Musgrave and Evolution Mining Limited ACN 084 669 036 (or their respective Related Entities);
- (b) the joint venture agreement dated 1 May 2020 between Musgrave and Cyprium Australia Pty Ltd ACN 630 012 529 (or their respective Related Entities);
- (c) the net smelter return royalty between Musgrave and Menninnie Metals Pty Ltd ACN 113 342 180 (or their respective Related Entities) with regards to all ores, concentrates or other primary, intermediate or final product of any minerals produced from the Menninnie Dam project; and
- (d) any agreement, contract, or other arrangement or instrument to which any Musgrave Group member is a party or bound by or to which any of the assets of any Musgrave Group member is subject, and which:
 - (i) imposes obligations or liabilities on any party of at least \$1.2 million per annum or \$100,000 per month;



- (ii) delivers a contribution to consolidated net profit after tax of the Musgrave Group, taken as a whole, of at least \$500,000 in any financial year of Musgrave;
- (iii) restricts the ability of any Musgrave Group member or any person who controls Musgrave from engaging in or competing with any business in any place; or
- (iv) is otherwise of material importance to the Musgrave Group.

Mineral Resources has the meaning given in the JORC Code.

Musgrave means Musgrave Minerals Limited ACN 143 890 671.

Musgrave Directors means a director of Musgrave.

Musgrave Group means Musgrave and each of its Related Entities.

Musgrave Material Adverse Change means any matter, event, change in condition, circumstances, information or thing (**Musgrave Change**) which occurs, is announced or becomes known to Westgold (whether or not in the public domain) that, either individually or when aggregated with all such Musgrave Changes:

- (a) diminishes or could reasonably be expected to diminish:
 - (i) Musgrave's JORC Code compliant Mineral Resources estimate in respect of the Cue gold project by 10% or more from the position publicly disclosed by Musgrave prior to the Announcement Date; or
 - (ii) the consolidated net assets of the Musgrave Group by 3.5% or more (by reference to the consolidated net assets contained in Musgrave's half-year financial report for the half-year ended 31 December 2022);
- (b) have a material effect on the Key Tenements, including the status or terms of (or rights attaching to) the Key Tenements, or the ability of the owner of the Key Tenements to exploit them;
- (c) has or could reasonably be expected to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Musgrave Group taken as a whole;

other than any Musgrave Change that arises from or in connection with:

- (d) the Offer;
- (e) facts and circumstances disclosed in an announcement by Musgrave to the ASX, or a publicly available document lodged with ASIC, in the 12 months prior to the Announcement Date;
- (f) any change on or after the Announcement Date in:
 - (i) Australian or international economic conditions, credit markets, or capital markets (including changes in interest rates);
 - (ii) the industry in which Musgrave operates;
 - (iii) laws (including any statute, ordinance, rule, regulation, the common law and equitable principles) or the interpretation, application or non-application of any laws by any Government Agency; or
 - (iv) Accounting Standards;



- (g) any war, act of terrorism, civil unrest or similar event occurring on or after the Announcement Date;
- (h) any act of God, lightning, storm, flood, fire, earthquake or explosion, cyclone, tidal wave, landslide, adverse weather conditions occurring on or after the Announcement Date;
- (i) the portion of any event, matter change or circumstances which is as a consequence of losses, expenses, damages or other costs covered by insurance which the Musgrave Group's insurers have agreed to pay; or
- (j) costs and expenses associated with the Offer,

provided that, in the case of exceptions (e), (g) and (h), such Musgrave Change does not affect Musgrave in a manner that is materially disproportionate to the effect on other companies of a similar size operating in the same industry as Musgrave and, for the avoidance of doubt, in the event Musgrave is affected materially disproportionately by such Musgrave Change, the financial impact of such Musgrave Change will be taken into account for the purposes of this definition only to the extent that the financial impact on Musgrave is in excess of the proportionate financial impact of the Musgrave Change on other companies of a similar size operating in the same industry as Musgrave.

Musgrave Options means the unlisted Options under the codes MGVAC, MGVAZ, MGVAD, MGVAAA, MGVAAB.

Musgrave Prescribed Occurrence means each of the following events:

- (a) Musgrave converts all or any of the Musgrave Shares into a larger or smaller number of shares;
- (b) Musgrave or a Subsidiary resolves to reduce its share capital in any way;
- (c) Musgrave or a Subsidiary:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) Musgrave or a Subsidiary:
 - (i) issues shares or agrees to issue shares; or
 - (ii) grants an option over its shares or agrees to grant an option over its shares;
- (e) Musgrave or a Subsidiary issues, or agrees to issue, convertible notes;
- (f) Musgrave or a Subsidiary disposes, or agrees to dispose, of the whole (or a substantial part) of its business or property;
- (g) Musgrave or a Subsidiary charges (or agrees to charge) the whole (or a substantial part) of its business or property;
- (h) Musgrave or a Subsidiary resolves to be wound up;
- (i) a liquidator or provisional liquidator of Musgrave or of a Subsidiary is appointed;
- (j) a court makes an order for the winding up of Musgrave or of a Subsidiary;
- (k) an administrator of Musgrave, or of a Subsidiary, is appointed under section 436A, 436B or 436C of the Corporations Act;



- (l) Musgrave or a Subsidiary executes a deed of company arrangement; and
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Musgrave or of a Subsidiary.

Musgrave Regulated Event means each of the following events:

- (a) any Musgrave Group member announces, declares or determines to pay any dividend or announces or makes any other distribution (whether in cash or in specie) to its members;
- (b) any Musgrave Group member:
 - (i) acquires or disposes of any shares or other securities in any body corporate or any units in any trust;
 - (ii) acquires substantially all of the assets of any business;
 - (iii) disposes of, or agrees to dispose of or licences, the whole, or a substantial part of its business or property, or
 - (iv) exercises or waives any pre-emptive rights or rights of first or last refusal in respect of any undertaking, entity, asset or business (or such interest in an undertaking, entity, asset or business) held by another person,

the value of which exceeds, or which could reasonably be expected to exceed, \$200,000 (individually) or \$2 million (in aggregate);
- (c) any Musgrave Group member does any of the following in respect of any Key Tenement which the any Musgrave Group member holds or has any right title or interest in:
 - (i) relinquishes, sells or disposes of any interest or creates any Encumbrance over any of the Key Tenements;
 - (ii) takes any action or omits to take any action that results in or may reasonably be expected to result in a breach of the terms any of the Key Tenements or any environmental authority relating to any of the Key Tenements; or
 - (iii) takes any action or omits to take any action that results in or may reasonably be expected to result in the surrender of any of the Key Tenements or any environmental authority relating to any of the Key Tenements;
- (d) any Musgrave Group member varies or waives its rights in any materially adverse respect, or terminates, cancels, surrenders, forfeits or allows to lapse or expire (without renewal on terms and conditions that are no less favourable to the Musgrave Group) any material licence, lease or Authorisation (including a Key Tenement) (or a number of licences, leases or Authorisations (including Key Tenements) which, when taken together, are material to the conduct of the business of the Musgrave Group as a whole);
- (e) any Musgrave Group member commencing business activities not already carried out as at the Announcement Date, whether by way of acquisition or otherwise other than in the ordinary course of business;
- (f) any Musgrave Group member enters into, or resolves to enter into, a transaction (including an agreement to forego or extinguish any rights) with any related party of Musgrave (other than a related party which is a Musgrave Group member), as defined in section 228 of the Corporations Act;



- (g) any Musgrave Group member agrees to waive or adversely vary in a material respect any material rights under, or terminate any Material Contract;
- (h) any Musgrave Group member enters into a transaction or arrangement which, if completed, would result in a Third Party entitled to, acquire any legal, beneficial or economic interest in production from the Musgrave Group member's current or future operations or right to sell or market production (other than an agreement with the Bidder);
- (i) any Musgrave Group member enters into or agrees to enter into any agreement, contract, lease, joint venture, partnership, farm-in agreement, management agreement, royalty agreement, marketing agreement, off-take agreement or other arrangement or instrument (including a commitment to contribute to exploration, appraisal, development or other costs and expenditure if a call or other demand is made upon it), which:
 - (i) materially affects the ability of any Musgrave Group member to freely market its share of the resource from the Key Tenement;
 - (ii) imposes obligations or liabilities on any Musgrave Group Member of at least \$1.2 million per annum or \$100,000 per month; or
 - (iii) restricts the ability of any Musgrave Group member or any person who controls Musgrave from engaging in or competing with any business in any place;
- (j) any Musgrave Group member incurs or agrees to incur capital expenditure in excess of \$100,000;
- (k) the consolidated cash balance of the Musgrave Group's falls below \$10 million;
- (l) any Musgrave Group member increasing the aggregate level of its borrowings by any amount or entering into any swap, option, futures contract, forward commitment or other derivative transaction;
- (m) any Musgrave Group member gives any guarantee of, or security for, or financial accommodation, or indemnity in connection with the obligations of any person other than a Musgrave Group member;
- (n) any Musgrave Group member gives or agrees to give any Encumbrance over any of its assets (or an interest in any of its assets), other than liens in the ordinary and usual course of business;
- (o) any Musgrave Group member postpones the payment of trade creditors or accelerates the collection of trade debtors, in each case having regard to the policies applied for such payment and collection in the 12 months prior to the Announcement Date other than in the ordinary course of business;
- (p) any Musgrave Group member agrees to accelerate the rights of any person to receive any benefit under any employee incentive plan, vary any employee incentive plan, grant or issue any new rights under any employee incentive plan or introduce a new employee incentive plan;
- (q) any Musgrave Group member agrees to increase in any material respect the remuneration of, makes or offers to make any bonus payment, retention payment or termination payment to, or otherwise materially change the terms and conditions of employment of any Musgrave Director or any employee of any Musgrave Group member, other than in respect of an annual salary review in the ordinary course of business;
- (r) any Musgrave Group member makes or agrees to make any award or any certified agreement, enterprise agreement, workplace agreement or other collective agreement;



- (s) any Musgrave Group member amends or agrees to amend in any material respect any arrangement with its advisers or enter into arrangements with any new advisers;
- (t) any Musgrave Group member commences, compromises or settles any litigation or similar proceeding for an amount exceeding \$200,000;
- (u) any Musgrave Group member changes its constitution or proposes to pass any resolution of shareholders or any class of shareholders;
- (v) any Musgrave Group member changes in any material respect the accounting procedures, principles or practices of any Musgrave Group member; and
- (w) any Musgrave Group member fails to comply in all material respects with all laws and regulations applicable to its business or does or omits to do anything which might result in the termination, revocation, suspension, modification or non-renewal of any Authorisation held by it,

other than an event:

- (x) as reasonably required by an applicable law or by any Government Agency; or
- (y) as disclosed in an announcement by Musgrave to the ASX, or a publicly available document lodged with ASIC, in the 12 months prior to the Announcement Date.

Musgrave Shares means the fully paid ordinary shares in the capital of Musgrave.

Offer means Westgold's offer to acquire Musgrave Shares.

Offer Consideration means the consideration under the Offer of 1 Westgold Shares for every 5.37 Musgrave Shares.

Offer Period means the period during which the Offer will remain open for acceptance.

Related Entities means in respect of an entity, a second entity that:

- (a) Controls the first entity;
- (b) is under the Control of the first entity; or
- (c) is under the Control of a third entity that also Controls the first entity

Relevant Interest has the meaning given in the Corporations Act as if sections 609(6) and 609(7) were omitted.

Subsidiary has the meaning given in section 9 of the Corporations Act.

Takeovers Panel means the takeovers panel having powers under Part 6.10 of the Corporations Act.

Westgold or **Company** means Westgold Resources Limited (ACN 009 260 306).

Westgold Shares means ordinary fully paid shares in Westgold.