



ASX RELEASE

28 June 2023

ASX: **MGV**

Shareholder Letter – Additional Information

Musgrave Minerals Ltd (ASX: **MGV**) ("**Musgrave**" or "**the Company**") refers to its announcement of 26 June 2023 regarding your directors' recommendation to reject the unsolicited takeover offer of all the shares in the Company from Westgold Resources Ltd ("**Westgold**").

The Directors of Musgrave continue to unanimously recommend that you **REJECT** the Westgold all scrip offer of 1 Westgold share for every 5.37 Musgrave shares ("**the Offer**") and provides the following additional statements in relation to its reasons to reject the Offer.

To **REJECT** the Offer, you should simply **DO NOTHING** and take **NO ACTION** in relation to all documents sent to you by Westgold.

THE WESTGOLD IMPLIED OFFER PRICE IS BELOW THE CURRENT MUSGRAVE SHARE PRICE

Since announcement, the Westgold implied Offer price has traded below the Musgrave share price.¹

We note that as of 27 June 2023, the last practicable day prior to the release of this announcement, the Musgrave share price closed at \$0.29 compared to the current Westgold implied Offer price of \$0.268.

Under the Offer, Musgrave shareholders will receive 1 Westgold share for every 5.37 Musgrave shares held, which implied a value of \$0.298 per Musgrave share based on Westgold's closing price on 5 June 2023, being the last day prior to the announcement of the Offer by Westgold on 6 June 2023 ("**Announcement Date**").

The table below illustrates the implied premia represented by the implied Offer price on a 'like for like' basis relative to historical trading prices of Westgold shares and Musgrave shares on the ASX prior to the Announcement Date.

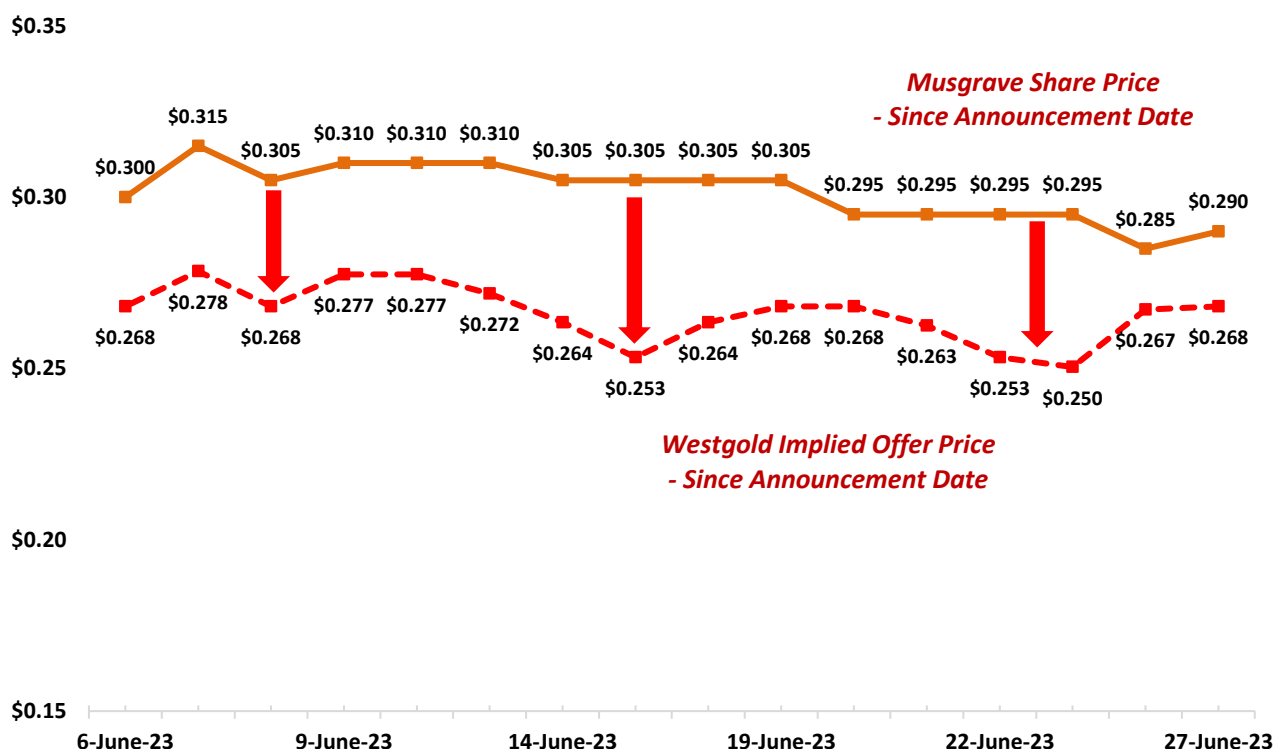
	27 June 2023	5 June 2023	5 Day VWAP *	30 Day VWAP *	60 Day VWAP *
Westgold Share Price	\$1.44	\$1.60	\$1.558	\$1.569	\$1.412
Offer Ratio	5.37 x	5.37 x	5.37 x	5.37 x	5.37 x
Implied Offer Price	\$0.268	\$0.298	\$0.290	\$0.292	\$0.263
Musgrave Share Price	\$0.290	\$0.255	\$0.245	\$0.232	\$0.221
Premia / (Discount)	(8%)	17%	18%	26%	19%

* Volume weighted average price (VWAP) up to and including 5 June 2023, the last trading day prior to the Announcement Date

¹ As you are being offered Westgold shares as consideration for your Musgrave shares, the implied value of the Offer will vary with the price at which Westgold shares trade on the ASX. The premia and implied Offer price presented in this announcement are based on the Offer consideration being 1 (one) Westgold share for every 5.37 of your Musgrave shares.

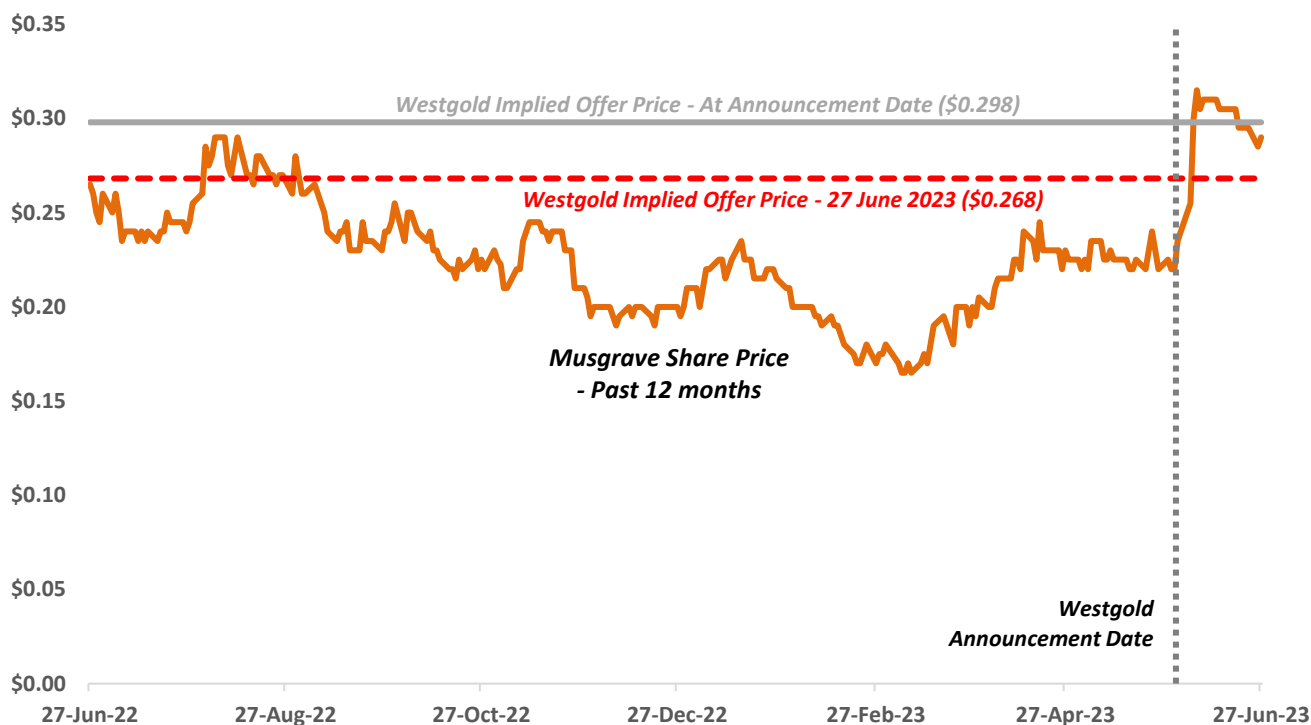
The chart below shows that since announcement of the Offer, the Musgrave share price is trading above the implied Westgold Offer price².

Musgrave Share Price vs Implied Westgold Offer Price – Since Announcement Date



The trading price of Musgrave shares on the ASX for the past 12 months compared to the implied Offer price as at the Announcement Date and the 27 June 2023, the last practicable date prior to this announcement is presented below.

Musgrave Share Price vs Implied Westgold Offer Price Metrics – Past 12 Months



² As you are being offered Westgold shares as consideration for your Musgrave shares, the implied value of the Offer will vary with the price at which Westgold shares trade on the ASX. The premia and implied Offer price presented in this announcement are based on the Offer consideration being 1 (one) Westgold share for every 5.37 of your Musgrave shares.

Although many factors affect the price of any given security, if the Offer is not successful or no higher bid for Musgrave emerges, the Musgrave share price may fall below the implied Offer price and trade back at those levels seen prior to the Announcement Date.

For completeness, the Company notes that the Westgold share price has traded in the range of \$0.695 to \$1.74 in the previous 12 months and the Offer was a premium to Musgrave's share price on 2 June 2023 as outlined in the Bidder's Statement.

THE OFFER IS OPPORTUNISTIC GIVEN MUSGRAVE'S POTENTIAL

The Company released the results of its Stage 1 Prefeasibility Study ("**Stage 1 PFS**") on its Cue Gold Project on 17 April 2023 under the announcement released on ASX titled "*Potential Value of the Cue Gold Project demonstrated by Stage 1 Prefeasibility Study*" ("**Stage 1 PFS Announcement**").

The key metrics of the Stage 1 PFS are described in the table below, which includes the NPV, EBITDA, C1 costs, All in Sustaining Costs and pre-production capital expenditure costs.

The Stage 1 PFS Announcement contains full details of the Stage 1 PFS and readers are encouraged to read that announcement in detail, in particular the material assumptions underpinning the Stage 1 PFS disclosed throughout that announcement and the extensive risks disclosures in section 18 of that announcement (pages 105 – 111), including but not limited to risks relating to capital expenditure costs required to develop the Cue Gold Project, economic factors, inflation and supply chain risks, mineral resource risks and regulatory risks.

Cautionary statement:

The production target and forecast financial information referred to in the Stage 1 PFS comprise Indicated Mineral Resources (approximately 77%) and Inferred Mineral Resources (approximately 23%). The production has been scheduled such that <7% by tonnage and <1.7% by gold ounces of the Inferred material is mined and processed in the first year (during the payback period), with the remainder mined through to the end of the mine life. The Inferred material does not have a material effect on the technical and economic viability of the Cue Gold Project. There is a lower 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 production target and forecast financial information referred to in this announcement were first disclosed in the Company's ASX announcement of 17 April 2023, titled "Potential value of the Cue Gold Project demonstrated by Stage 1 Prefeasibility Study". The Company confirms that all the material assumptions underpinning the production target and the forecast financial information derived from the production target in the above announcement continue to apply and have not materially changed.



Cue Gold Project Stage 1 PFS Base Case		
Key Project Metrics (Real unless stated)	Unit	Stage 1 PFS @ \$2,600 Au
Initial Project Life (Total)	months	70 Mth(s)
Initial Operating Life (Total)	months	62 Mth(s)
Nominal Processing Plant throughput (annum)	ktpa	500
Gold Price	AUD / oz	2,600 / oz
Process Plant Feed Tonnes	t	2,448,767
Process Plant Feed Grade	g/t	4.4
Gold Recovery Overall Percentage	%	97.8%
Gold Recovered	oz	337,381
Gold Recovered- Annual Average over initial 5 yrs	oz	Approx. 65,000 oz
Operating Cost	AUD M	(350.8)
Sustaining Capital	AUD M	(92.9)
Pre Production Capital	AUD M	(121.3)
Undiscounted Cashflow (before Tax)	AUD M	314.0
Undiscounted Cashflow (After Tax)	AUD M	287.7
EBITDA	AUD M	528.2
EBIT	AUD M	288.8
NPAT	AUD M	262.6
C1 Cost	AUD / oz	934 / oz
All-in-Sustaining Cost (AISC)	AUD / oz	1,315 / oz
Pre-production CAPEX	AUD M	121.3
Project NPV (Pre-Tax 8%)	AUD M	235.1
Project NPV (Post Tax 8%)	AUD M	215.0
Project IRR (Pre-Tax)	%	95%
Project IRR (Post Tax)	%	91%
Project Payback Period from Production Start	Period	9 Mth(s)
Maximum Project Drawdown (W/C - Working Capital)	AUD M	(121.3) and W/C of (5.3)
Project Physicals (LOM)	Unit	Stage 1 PFS @ \$2,600 Au
Total Movement: Open Pits	bcm	14,025,717
Ore Mined: Open Pits	t	1,964,355
Ore Grade: Open Pit	g/t	4.3 g/t
Gold Contained: Open Pit	oz	269,853
Strip Ratio: Open Pits	x	15.7 x
Ore Mined: Break of Day Underground	t	484,412
Ore Grade Break of Day Underground	g/t	4.8 g/t
Gold Contained: Break of Day Underground	oz	75,197
Process Plant Feed Tonnes	t	2,448,767
Process Plant Feed Grade	g/t	4.4
Process Plant Feed Ounces	oz	345,051
Total Gold Recovered from Processing Plant	oz	337,381
Ore Fed- Indicated Category		1,722,898 @ 4.8g/t for 258,371 oz rec
Ore Fed- Inferred Category		725,869 @ 3.5g/t for 79,010 oz rec

Note: Above table is extracted from the Company's ASX announcement of 17 April 2023, titled "Potential value of the Cue Gold Project demonstrated by Stage 1 Prefeasibility Study". Refer to this announcement for the full details of the Stage 1 PFS, including the material assumption underpinning and risks associated with the Stage 1 PFS.



Musgrave has appointed Longreach Capital as financial adviser and Thomson Geer as legal adviser to assist the Company.

If you have any queries in relation to the Westgold Offer, please consult your professional adviser or the Musgrave Shareholder Information Line on 1300 918 438 from within Australia or +61 3 9415 4634 from overseas on Monday to Friday between 8.30am and 5.00pm (AEDT).

Authorised for release by the Board of Musgrave Minerals Limited.

For further details please contact:

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Mineral Resource estimates

The Mineral Resource estimates referred to in this announcement were first disclosed in the Company's announcement of 31 May 2022, titled "Cue Mineral Resource Increases to 927,000 ounces". The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcement of these Mineral Resources estimates and that all material assumptions and technical parameters underpinning the Mineral Resources estimates in the previous announcement continue to apply and have not materially changed.

Forward looking statements

This document contains forward-looking statements. Forward-looking statements include, but are not limited to, a production target, forecast financial information, statements concerning Musgrave's current expectations, estimates and projections about the industry in which Musgrave operates, and beliefs and assumptions regarding Musgrave's future performance. When used in this document, words such as "anticipate", "could", "plan", "estimate", "expects", "seeks", "intends", "may", "potential", "should", and similar expressions are forward-looking statements. Although Musgrave believes that its expectations reflected in these forward-looking statements are reasonable, such statements are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Musgrave and no assurance can be given that actual results will be consistent with these forward-looking statements.

About Musgrave Minerals

Musgrave Minerals Limited is an active Australian gold explorer and developer. Musgrave's mission is to safely and responsibly deliver exploration success and advance development opportunities to build a profitable gold mining business at Cue for the benefit of our shareholders and the communities within which we operate.

The Cue Project in the Murchison region of Western Australia is an advanced gold project with robust technical and financial metrics. Musgrave has had significant exploration success at Cue and recently delivered a Stage 1 Prefeasibility Study (PFS). The current focus is on increasing the gold resources through discovery and extensional drilling to underpin further studies that will add mine life and demonstrate a viable path to near-term development. Musgrave also holds a large exploration tenement package near Mt Magnet in Western Australia and in the Ni-Cu-Co prospective Musgrave Province of South Australia.

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