



# KingWest Resources Menzies Gold Project

July 2019

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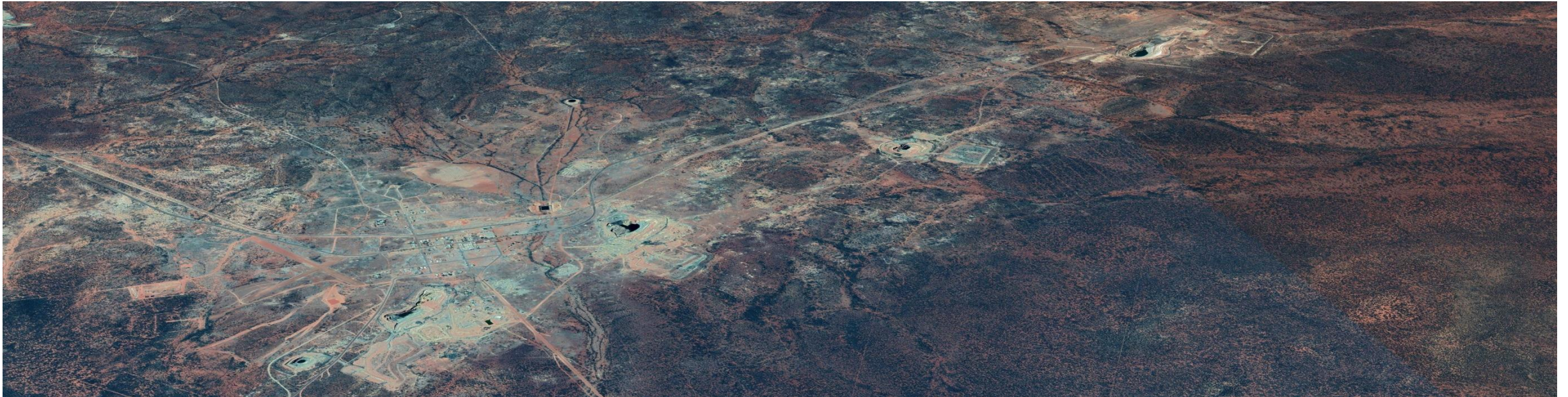
## Competent Persons Statement

The information in this report that relates to Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Mr David O’Farrell and Simon Coxhell. Both are Members of the Australasian Institute of Mining and Metallurgy. Mr O’Farrell is a full time employee of Intermin Resources Limited and Mr Coxhell is a consultant to Intermin Resources Limited. Some information was prepared and first disclosed under the JORC Code 2004. It has not been updated since (unless indicated) to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The remaining exploration results and all of the information relating to resource estimates comply with JORC Code 2012. Mr O’Farrell and Mr Coxhell have sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the ‘Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserve s’. Mr O’Farrell and Mr Coxhell consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.



# Menzies Gold Project Acquisition

**Proposed acquisition of Menzies Gold Project by Kingwest Resources for \$8 million in staged cash and shares pursuant to shareholder and regulatory approvals**



# Grade is King

- Menzies was one of the highest grade goldfields in WA with historic production of at least **800,000 oz gold at 19 g/t Au** which included **650,000 oz gold at 22.5 g/t Au from underground**
- Multiple deposits over more than 10km strike are open at depth
- Clear Drill Targets – this is NOT Greenfields Exploration. Dormant for 20 years – the high grade underground potential has been NOT been realised
- High-grade and high margin gold is the future and reduces investment risk while offering strong growth potential
- Kingwest will target high grade lodes to define and follow up very high grade economic mineralisation



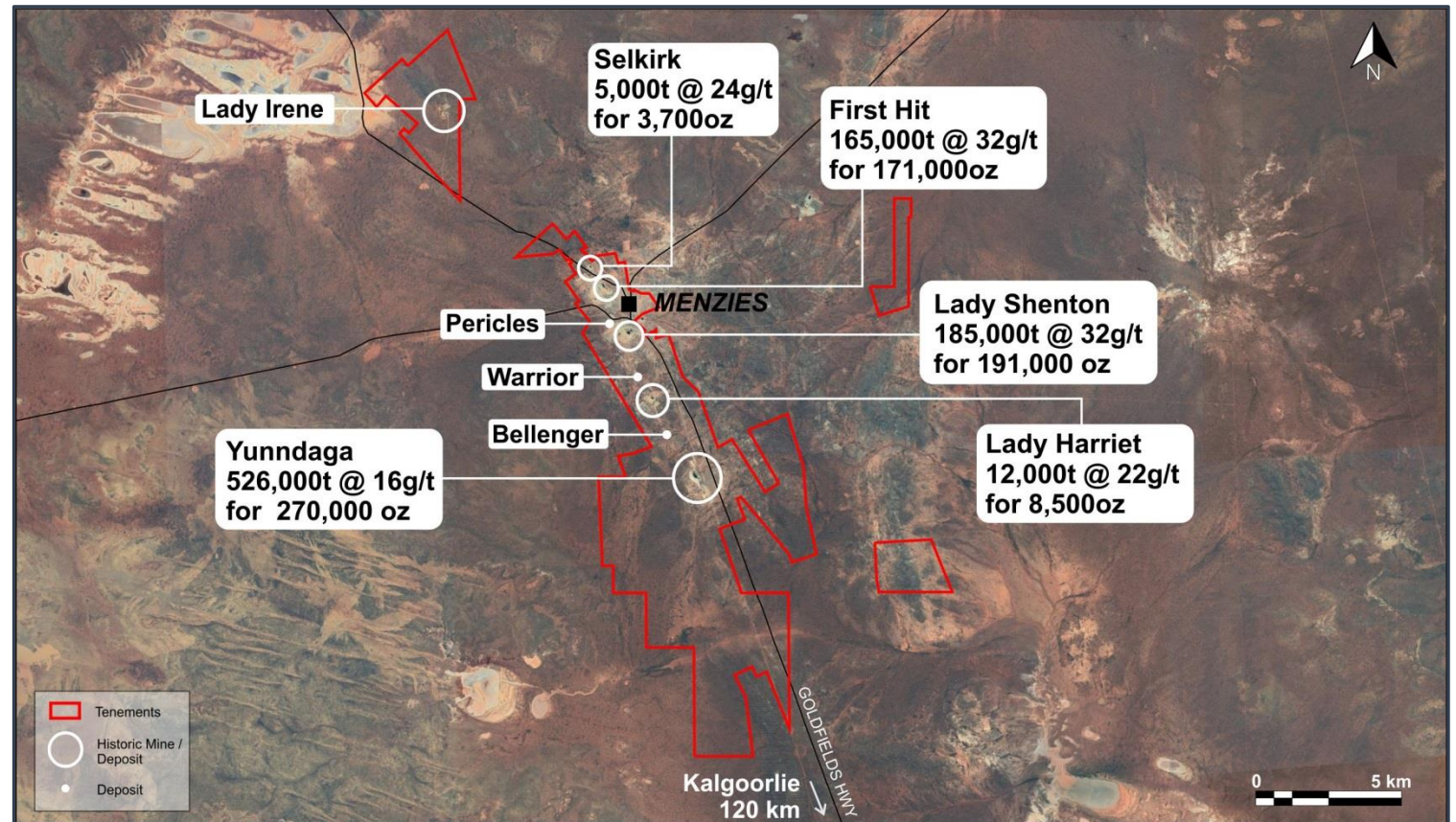
# If you want to find high grade gold look under the headframe of an old high-grade gold mine

- Kingwest believes MGP is similar to the Bellevue (ASX BGL) model
- Bellevue historic production ~**800,000 oz gold @ ~15 g/t Au** to a depth of 500m below surface, stopped production 1997
- Bellevue 2016 deal – successful exploration and current market cap ~\$320m (15 July 2019)
- Similarities to Menzies ( U/G production of ~**650,000 oz gold @ 22.5 g/t Au** )
- Last U/G production at Menzies was in 1943 (WWII) and only limited open pit oxide mining in the 1990s as last work
- Since held by a series of juniors contemplating open pit mining. Menzies last dealt in Q1 2016 by IRC with Eastern Goldfields fell over providing an opportunity to reset the clock
- Opportunity seized with Kingwest

# Location Advantages of Menzies

## The Infrastructure Advantage

- Granted Mining Leases
- 100% Owned
- Western Australian Goldfields
- Sealed Road to Kalgoorlie (130km south) and Leonora (100km north)
- Proximal to established Process Plants allows rapid production
- Project has Water and Power
- Opportunity to enter production with minimal CAPEX



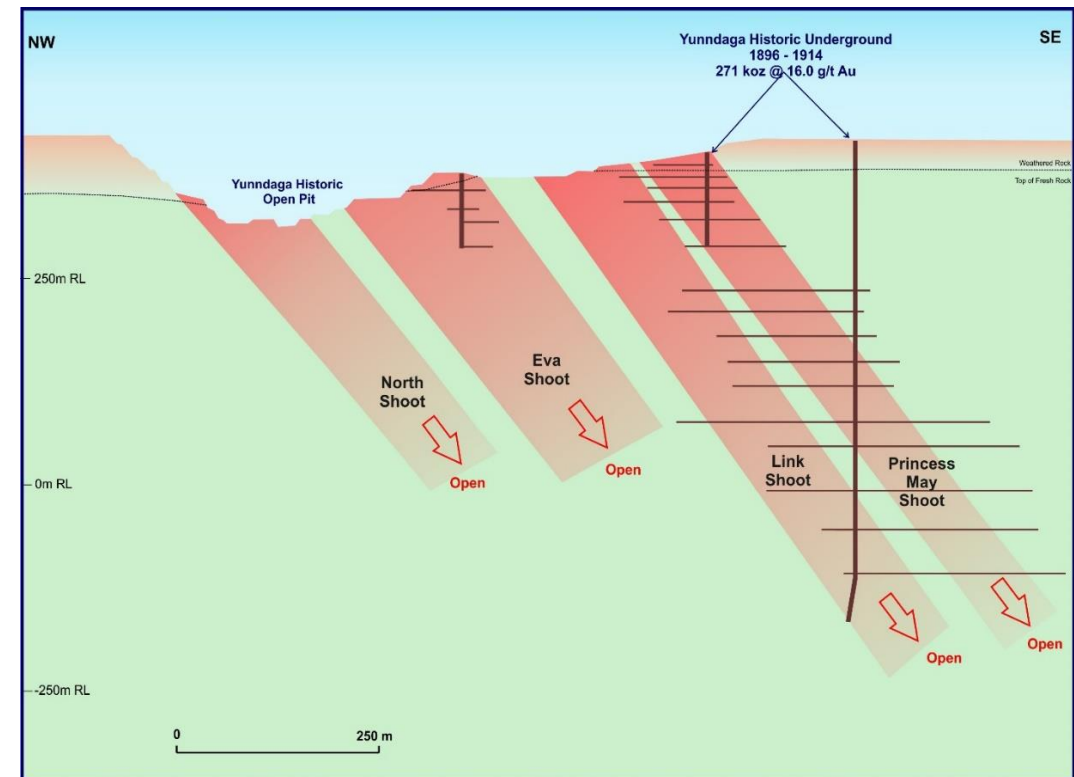


# Yunndaga Open Cut and underground

- Yunndaga U/G production (1896 - 1943) **271,000 ounces grading 16g/t Au**
- Yunndaga Open Cut production (1990's) **64,000 ounces grading 2.5g/t Au**
- Current open pit resource of **103,000 ounces grading 2.0g/t Au**

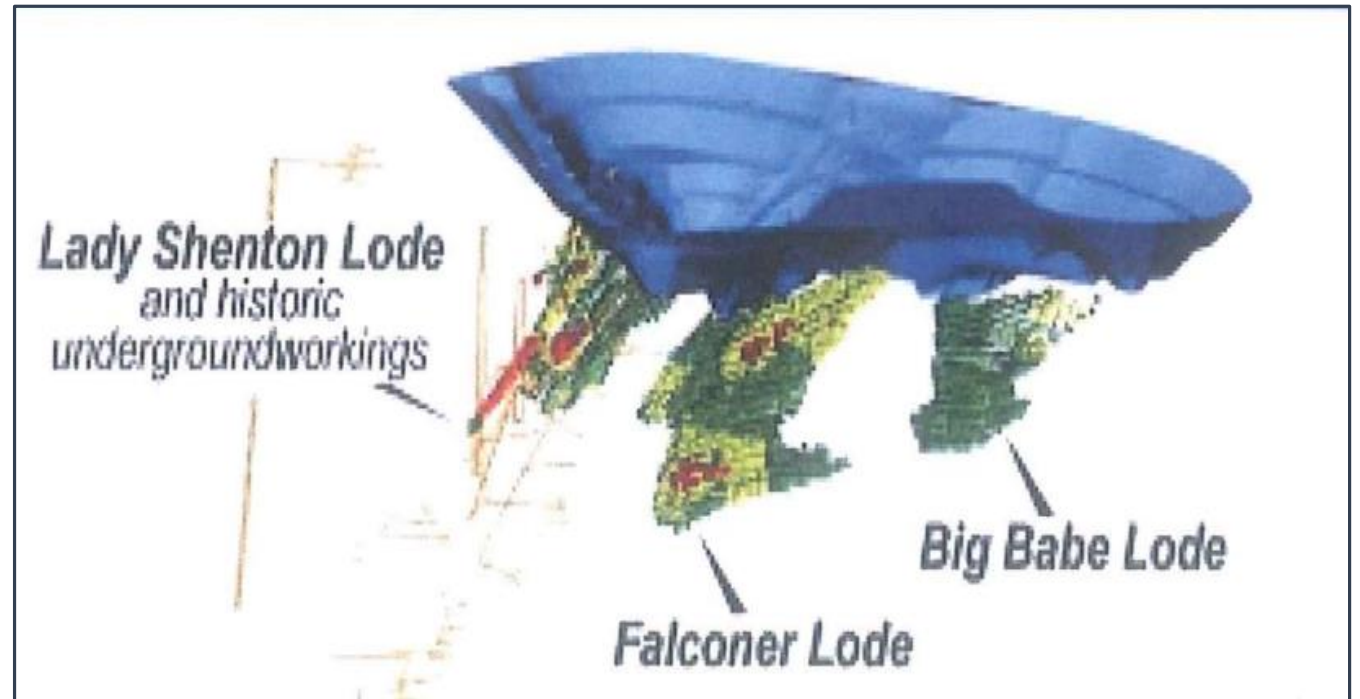


- Deepest U/G producer at 600 vertical metres in one lode - Princess May Shoot
- Not closed off at depth
- Other shoots yet to be drill tested at depth



# Lady Shenton Underground and Historic Production

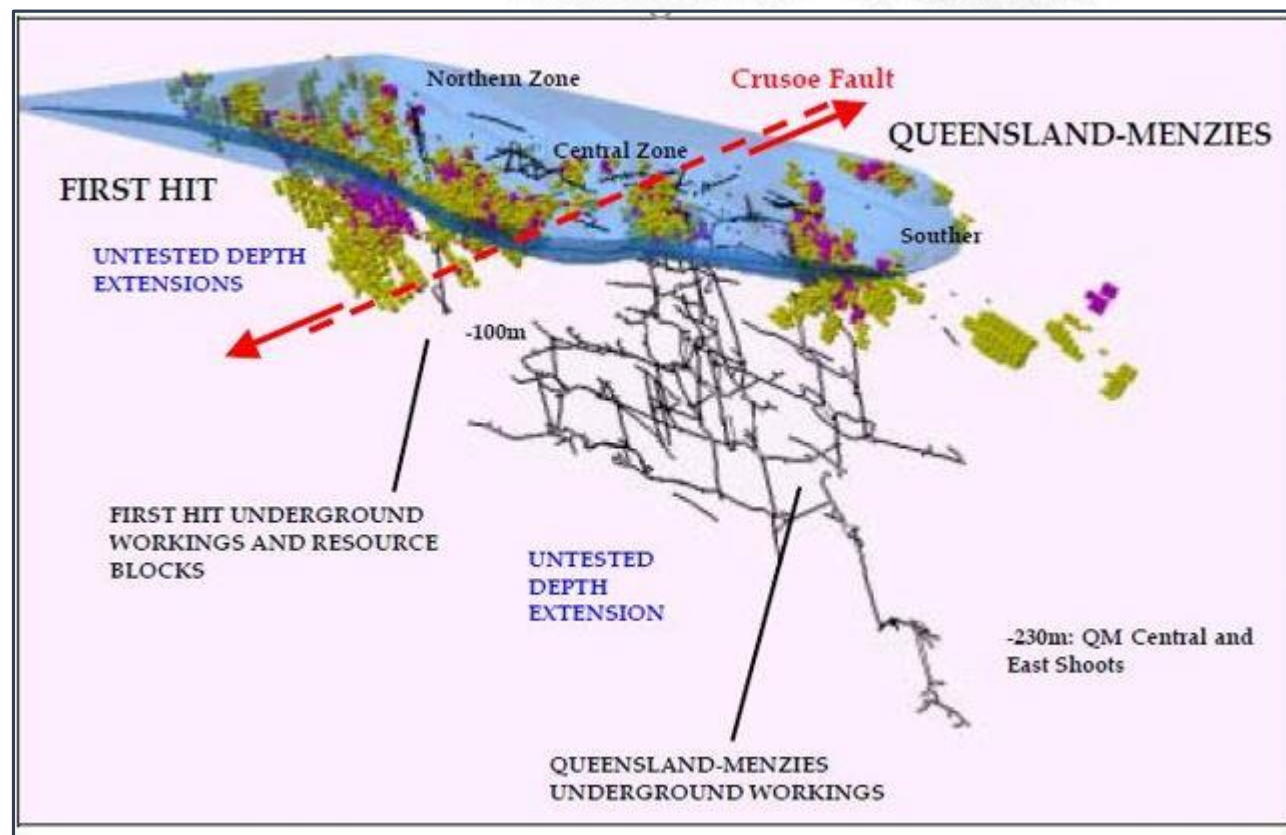
- Historic U/G production (1896 – 1939) of **185,000t @ 32g/t for 191,000 oz to 250m**
- Two new lodes discovered in recent times and untested for underground potential
- All lodes open at depth
- Open cut to 80 vertical metres (1995 and 1999) produced **349,000t @ 2.7 g/t for 30,350 oz**
- Ceased underground production 1943 due the WWII. Still open





# First Hit Underground and Historic Production

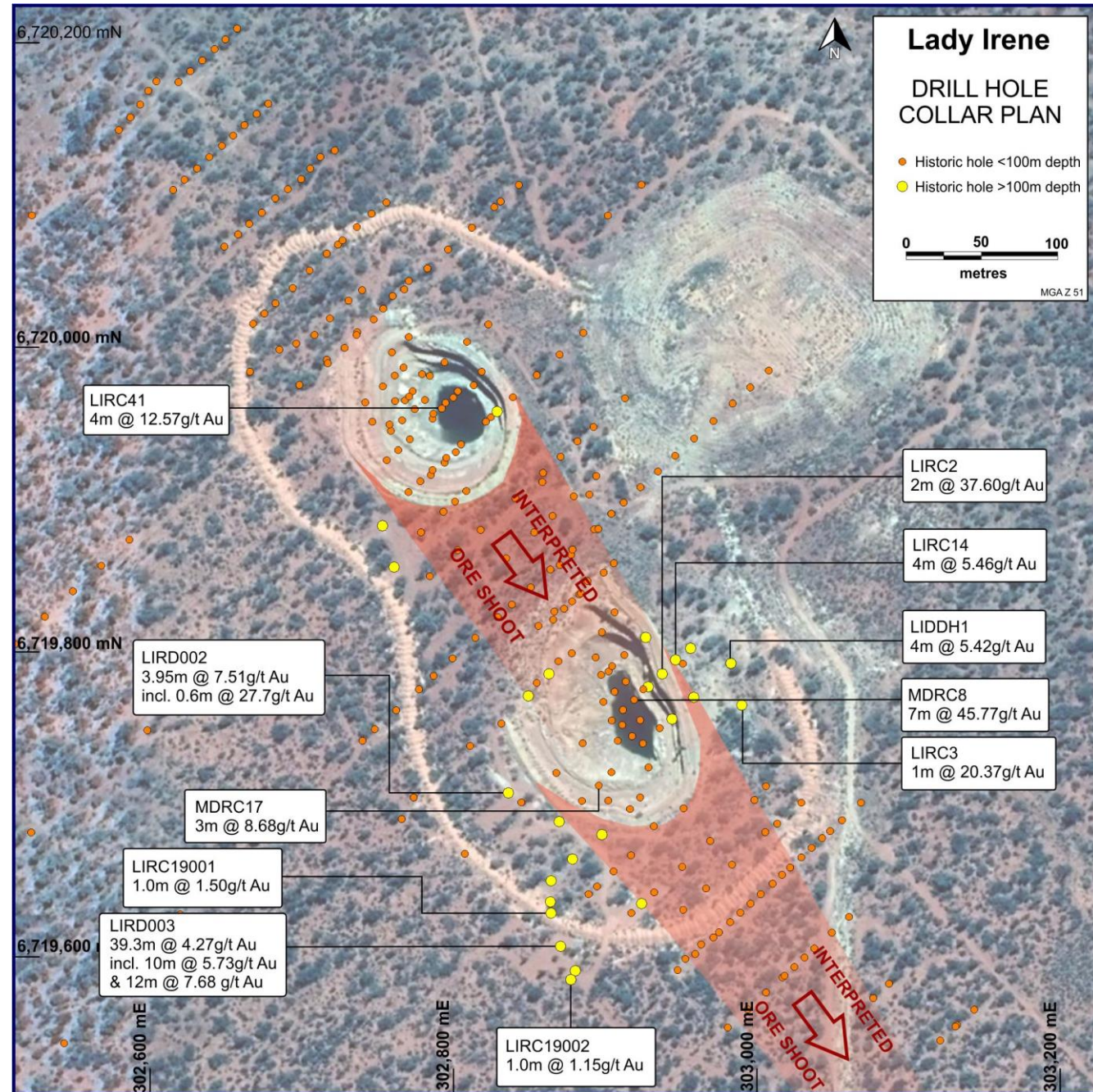
- Historic U/G from 1896 produced **165,000t @ 32g/t for 170,000 oz**
- Open Cut mining to 65 vertical metres in the 1990's produced **325,000t @ 2.4g/t for 25,000 oz**
- Open at depth and along strike Pericles includes a near surface resource of **42,000 oz @ 2.5 g/t Au** (not tested at depth)





# Lady Irene satellite deposit

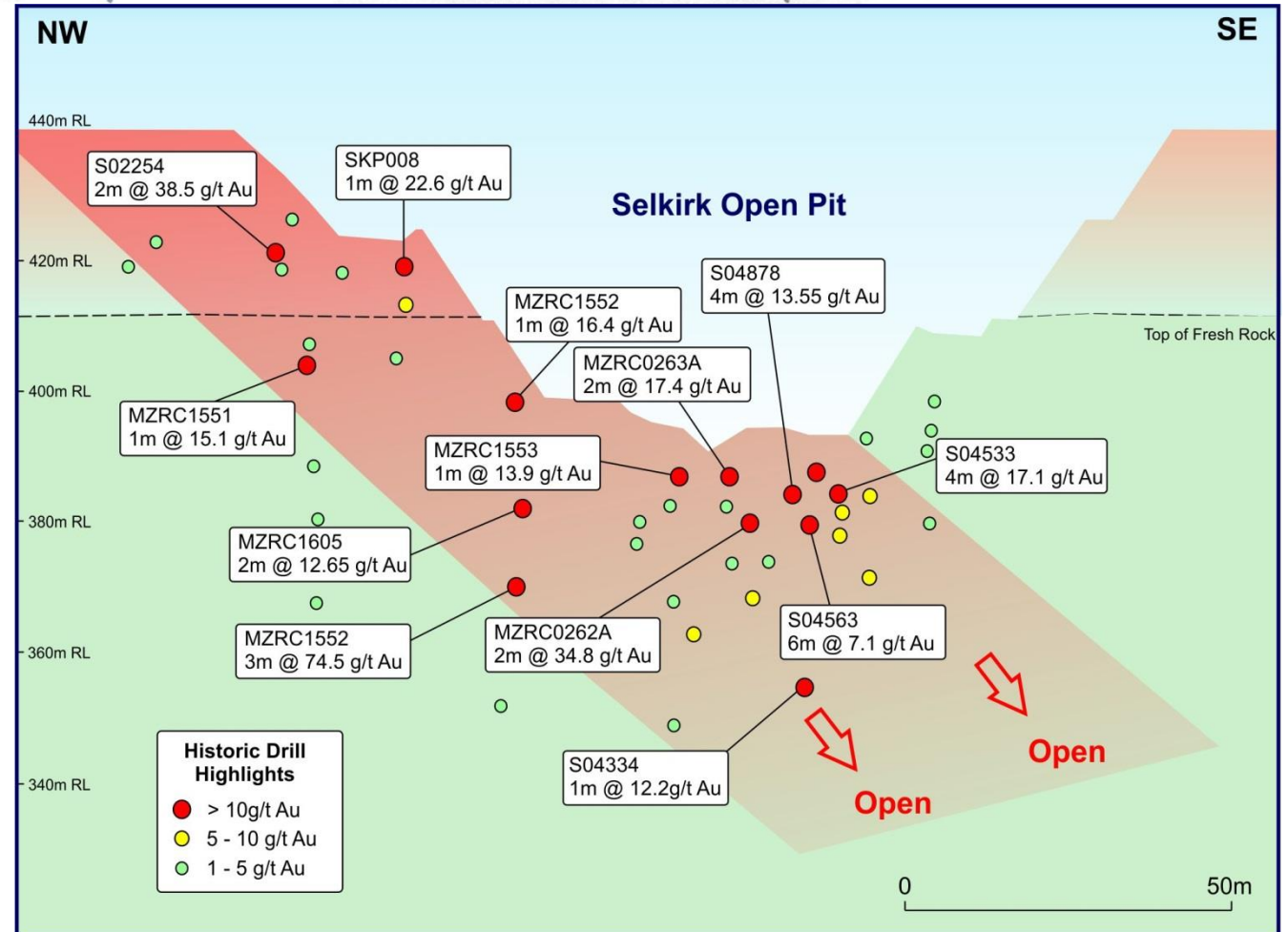
- 5km north of main MGP
- Open cut production (1990's) of **47,721t @ 4.77g/t** for 6,502 oz to 34m depth
- Recent drilling beneath open cuts include:
  - 39.3m @ 4.27 g/t Au from 159m inc.**
  - 12m @ 7.68 g/t Au**
  - 3.95m @ 7.51 g/t Au from 124.6m**
- Historic intersection of **1m @ 20.37 g/t Au** lies between these two hits and other historic intersections of **7m @ 45.77 g/t Au** and **2m @ 37.6 g/t Au**





# Selkirk Long Section

- Historic U/G production (1896 – 1939) of **5,000t @ 24g/t Au for 3,700 oz**
- Open cut production (1990's) of **42,000t @ 4.6g/t for 6,249 oz** to 45m depth
- Recent drilling beneath open cut include:  
**3m @ 74.56 g/t Au and 2m @ 12.65 g/t Au**



# Current Resources

## Defined for open pit mining

Base of valuation alone supported with current JORC open pit resources

Additional smaller U/G produced high grade gold and open pit in the 1980's and 1990's yielded **145,000 oz gold @ 2.6 g/t Au**

Current JORC resources are **173,000 oz gold @ 2.2 g/t Au**

**SUMMARY – Menzies is a major gold Camp but needs an underground mining focus**

Deposit	Indicated Resource			Inferred Resource			Total Resource		
(>1g/t Au)	Mt	Au (g/t)	Oz	Mt	Au (g/t)	Oz	Mt	Au (g/t)	Oz
Pericles	0.53	2.49	42,500				0.53	2.49	42,500
Yunndaga				1.58	2.03	103,000	1.58	2.03	103,000
Bellenger	0.24	2.63	19,900				0.24	2.63	19,900
Warrior				0.07	2.49	5,910	0.07	2.49	5,900
<b>TOTAL</b>	<b>0.77</b>	<b>2.52</b>	<b>62,400</b>	<b>1.65</b>	<b>2.05</b>	<b>108,910</b>	<b>2.42</b>	<b>2.2</b>	<b>171,310</b>

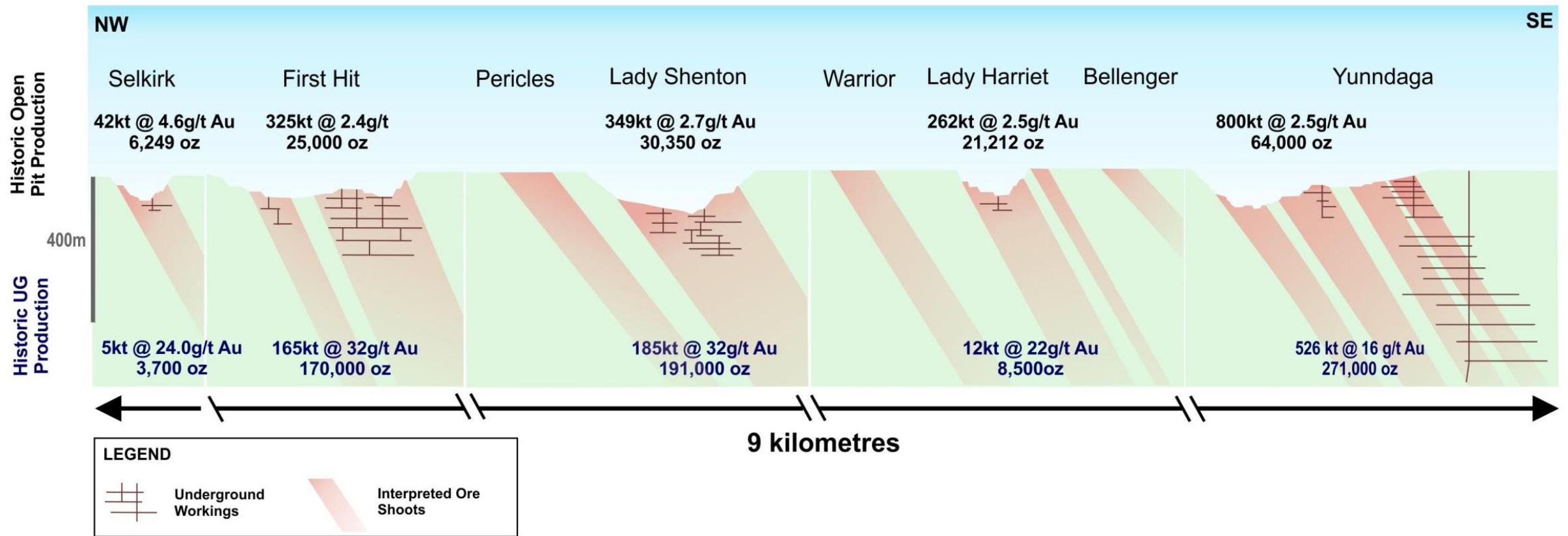
*Refer to KWR ASX announcement dated 9 July 2019*

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# Menzies combined long sections



# The Opportunity

- We predict the gold market will be moving into high-grade/high-margin mining projects
- Menzies is one of WA's original large scale and high grade gold camps
- Modern work missed underground opportunities
- MGP can delivery quick results - numerous high grade lodes to follow up and drill targets to test
- Drilling success can rapidly prove high-grade resources
- Granted Mining Licences and existing infrastructure allow rapid and low Capex production
- Exploration and management team with proven track record and recent success





# The Transaction

**100% of the Menzies and Goongarrie Projects for \$8M in cash and shares**

**Consideration split between Cash and shares now & Cash and shares 18 months later**

- 
- An initial cash deposit of \$750,000 - paid;
  - On settlement:
    - A further \$1M cash payment; and
    - Issuing 20M ordinary shares in KWR (\$3M attributed)
    - A deferred payment of remaining \$3.25M no later than 18 months after settlement of:
      - A further \$1.625M in cash; and
      - \$1.625M in value of ordinary shares in KWR

Settlement of the Acquisition is subject to the following key conditions precedent:

- Completion of due diligence by KWR;
- Completion of a minimum \$4M capital raising;
- Shareholder approval for the issue of the upfront consideration shares and shares under the capital raising; and
- Jon Price from Intermin to be appointed to the KWR Board.

# The Right Team – adding the skills

## **ED TURNER**

### **CHIEF EXECUTIVE OFFICER**

Ed is a geologist with 30 years of experience throughout Europe, South America, Africa and Australia in a range of roles encompassing base, precious and specialty metals for leading mining companies. Technical strengths include exploration, underground mining, resource estimation, feasibility studies and development level work. Ed was previously engaged as the CEO and General Manager of Exploration of Geology for Galena Mining Limited where he delineated the high grade Abra lead-silver deposit that is shaping up to be a highly profitable mine development.

## **ADRIAN BYASS**

### **NON-EXECUTIVE CHAIRMAN**

Adrian is a resource and economic geologist with over 20 years experience in the mining industry both in listed and unlisted entities globally. Adrian is a Non-Executive and Executive Director of various listed and unlisted mining entities, which have transitioned to production in bulk, precious and specialty metals around the world. Adrian is currently on the Boards of ASX lead-silver, phosphate, nickel and lithium companies. Adrian has ASX and AIM Board experience and specialises in identifying assets that offer strong investor upside.

## **JON PRICE**

### **NON-EXECUTIVE DIRECTOR**

Jon is a highly regarded metallurgist with over 25 years experience in Australia and overseas across all aspects of the industry including exploration, development, construction and mining operations in the gold and advanced minerals sectors. Jon is currently the Managing Director of Intermin Resources, a West Australian focused gold development company. Jon graduated as a metallurgist and holds a Masters in Mineral Economics from the Western Australian School of Mines. He then worked in various gold and advanced mineral operations including general manager of the Paddington gold and St Ives gold operations in the Western Australian goldfields.

More recently, Jon was the founding Managing Director of Phoenix Gold Ltd, currently being acquired by Evolution Mining Ltd. During his tenure, Jon oversaw the reconsolidation of under explored tenure in the Western Australian goldfields and realised significant exploration success.

## **STEPHEN WOODHAM**

### **NON-EXECUTIVE DIRECTOR**

Stephen has over 15 years' experience in mining and exploration across Western Australia and New South Wales, specialising in field logistics and support and land access in rural and remote environments. He has an extensive track record in logistics, tenement acquisition, land access, mining investment, and commercial and cross-cultural negotiation.

Stephen has secured projects that have resulted in significant gold discoveries in NSW. He has owned and operated a drilling company which operated 8 drilling rigs. Stephen was also a founding Managing Director of Centaurus Resources, a founder and principal of Southern Cross Technical & Field Services, a Managing Director of Tellus Resources, a founding director of the ASX-listed YTC Resources Ltd (now named Aurelia Metals), and a founding director of LFB Resources which was taken over by Alkane Resources.

## **STEVE BROCKHURST**

### **NON-EXECUTIVE DIRECTOR**

Steve is currently Managing Director of Mining Corporate, and holds over 16 years' experience in corporate and capital structuring, corporate advisory, ASX and ASIC compliance requirements, company secretarial services, and capital raising.

He has been involved in the listing of numerous junior resources and mineral exploration companies on the ASX in the past 15 years, and has served or continues to serve as Director and or Company Secretary for many of these companies. This currently includes serving as the Director of Estrella Resources Limited, and as Company Secretary of Bowen Coking Coal Limited, Estrella Resources Limited, Jacka Resources Limited, Nelson Resources Limited and Kingwest Mining Limited.



# Pro Forma Capital Structure

	Shares	Options
Current issued capital (FPO)	51,416,060	15,750,000
Consideration Intermin (*)	20,000,000	
Capital Raise (**)	26,666,667	
Director and facilitator consideration	2,500,000	7,850,000 (***)
<b>TOTAL</b>	<b>100,582,727</b>	<b>23,600,000</b>
Market cap / Cash	~\$15m / ~\$3m	

(\*) Excludes final \$3.25M in cash and shares due 18 month later and subject to 18 month escrow.

(\*\*) Assumes \$4m raise in Q3 2019 at \$0.15 per share

(\*\*\*) 3 year term, comprising 2,450,000 options and 4,900,000 options with an exercise price being a premium of 30% and 80% respectively, to the share price at time of shareholder approval