

Musgrave Minerals Ltd: Shareholder Letter - ACCEPT - the Ramelius Takeover Offer

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[Musgrave Minerals Ltd.](#) (ASX:MGV) (FRA:6MU) (OTCMKTS:MGVMF) announced that it has entered into a Bid Implementation Agreement (BIA) with [Ramelius Resources Ltd.](#) (ASX:RMS) (Ramelius), pursuant to which Ramelius will offer to acquire all the issued ordinary shares of Musgrave by way of a cash and scrip off-market takeover offer (Recommended Offer).

THE DIRECTORS OF MUSGRAVE UNANIMOUSLY RECOMMEND THAT, IN THE ABSENCE OF A SUPERIOR PROPOSAL, YOU ACCEPT THE RAMELIUS TAKEOVER OFFER.

Under the terms of the Recommended Offer, Musgrave Shareholders will receive 1 Ramelius share for every 4.21 Musgrave shares held and \$0.04 (4 cents) in cash for every Musgrave Share held (Offer Consideration).

The Offer Consideration values each Musgrave share at \$0.34 (Offer Price), based on the 1-day volume weighted average price (VWAP) of Ramelius shares on 30 June 2023 of \$1.263, and implies a total undiluted equity value for Musgrave of approximately \$201 million.

After careful consideration, the Directors of Musgrave unanimously resolved to recommend that you ACCEPT the Ramelius Recommended Offer (in the absence of a superior proposal) and REJECT the Westgold all scrip offer of 1 Westgold share for every 5.37 Musgrave shares (Westgold Offer).

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

The Ramelius Recommended Offer follows a period of constructive engagement between the companies.

Under the Recommended Offer, Musgrave shareholders will own approximately 12.4% of the combined company.

Recommended Offer with Strong Support

The Board of Musgrave unanimously recommends that Musgrave shareholders accept the Recommended Offer in the absence of a superior proposal.

Each member of the Musgrave Board has entered into pre-bid acceptance agreements in respect of all Musgrave shares they own and control to accept, or procure the acceptance of, the Recommended Offer by no later than 5 days after the Recommended Offer has opened, subject to the ability to terminate the acceptance agreements if a superior proposal arises before 5 days after the Recommended Offer has opened. The Directors have voting power of approximately 2.43% in 14,372,664 Musgrave shares.

Further, Musgrave's largest shareholder, Westminex Pty Ltd (and associated entities), has supported the Recommended Offer by also entering into a pre-bid acceptance agreement in respect of their 57,338,325 Musgrave shares (representing 9.70%) on the same terms as the Musgrave directors.

The total level of pre-bid commitments is approximately 12.13%.

Your Directors will prepare a detailed response to the Recommended Offer (our Target's Statement for the Ramelius Recommended Offer) in the coming weeks.

Ahead of sending you our Target's Statement for the Ramelius Recommended Offer, your Directors consider that it is important to provide you with an overview of the reasons why we believe the Recommended Offer should be accepted (in the absence of a superior proposal).

We urge you to read the attached reasons carefully.

1. The Offer Consideration represents significant premiums to the undisturbed trading prices of Musgrave

shares, and a premium to the original and currently implied Westgold Offer.

2. Ramelius will acquire 12.13% interest in Musgrave via pre-bid acceptance agreements with the Musgrave board and the largest shareholder, providing greater certainty in relation to the success of the Recommended Offer.

3. The Recommended Offer includes a portion of cash which provides increased certainty of value for Musgrave shareholders.

4. Opportunity to become a shareholder in Ramelius, which has a history of cash generation and dividend payments.

5. Allows Musgrave shareholders to reduce their exposure to risks associated with potential development of the Cue Gold Project.

6. The Recommended Offer will allow Musgrave shareholders to possibly avoid future equity dilution.

This letter should be read in conjunction with the joint ASX announcement made by Musgrave and Ramelius today.

As noted above, further details of the Directors' recommendation will be provided in the Target's Statement in response to the Ramelius offer to be released in mid-July 2023. A copy will also be available on the ASX website, www.asx.com.au and Musgrave's website, www.musgraveminerals.com.au, as will news of any other developments in relation to the Offer.

If you have any queries in relation to the Ramelius Recommended Offer or 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 (AEST).

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

WHY YOUR DIRECTORS RECOMMEND YOU ACCEPT RAMELIUS' RECOMMENDED OFFER

The Musgrave directors have considered the advantages and disadvantages of the Ramelius offer and unanimously recommend that you accept Ramelius' Recommended Offer for your Musgrave Shares (in the absence of a superior proposal).

1 THE OFFER CONSIDERATION REPRESENTS SIGNIFICANT PREMIUMS TO THE UNDISTURBED TRADING PRICES OF MUSGRAVE SHARES, AND A PREMIUM TO THE WESTGOLD OFFER

- Attractive implied premia to Musgrave shareholders
- Unlocks value that is not being recognised in Musgrave's share price
- Premium to the implied value of Westgold Offer(1)

2 RAMELIUS WILL ACQUIRE 12.13% INTEREST IN MUSGRAVE VIA PRE-BID ACCEPTANCE AGREEMENTS WITH THE MUSGRAVE BOARD AND THE LARGEST SHAREHOLDER

- Musgrave's largest shareholder, Westminex Pty Ltd (and associated entities), has supported the Recommended Offer by signing a pre-bid acceptance agreement representing 9.70% of Musgrave shares.
- Musgrave directors have also entered into pre-bid acceptance agreements representing 2.43% of Musgrave shares.
- See below for details of the pre-bid acceptance agreements.

3 THE RECOMMENDED OFFER PROVIDES INCREASED CERTAINTY OF VALUE FOR MUSGRAVE SHAREHOLDERS

- Cash component of Offer Consideration provides increased certainty.

- Ramelius is a far more liquid stock than Musgrave, providing enhanced investment flexibility.
- Ramelius is a constituent of the S&P/ASX 300 Index and the NYSE Arca Gold Miners Index, which is tracked by the VanEck Gold Miners ETF (GDX), and as such, has a strong and diverse shareholder base, which is underpinned by a significant institutional presence.

4 OPPORTUNITY TO BECOME A SHAREHOLDER IN RAMELIUS, WHICH HAS A HISTORY OF CASH GENERATION AND DIVIDEND PAYMENTS

- Become shareholders in a financially strong, dividend paying gold producer with two existing production centres in Western Australia.
- Proven management team and a track record of growth, fully franked dividend payments, cashflow generation and total shareholder returns.

5 ALLOWS MUSGRAVE SHAREHOLDERS TO REDUCE THEIR EXPOSURE TO RISKS ASSOCIATED WITH POTENTIAL DEVELOPMENT OF THE CUE GOLD PROJECT

- Accepting the Recommended Offer will allow Musgrave Shareholders to significantly reduce their exposure to the risks associated with potential development of the Cue Gold Project.

6 THE RECOMMENDED OFFER WILL ALLOW MUSGRAVE SHAREHOLDERS TO POSSIBLY AVOID FUTURE EQUITY DILUTION

- Accepting the Recommended Offer will allow Musgrave Shareholders to avoid the likelihood of equity dilution associated with a future development decision on the Cue Gold Project

WHY YOUR DIRECTORS RECOMMEND YOU ACCEPT THE RAMELIUS RECOMMENDED OFFER (IN THE ABSENCE OF A SUPERIOR PROPOSAL)

1. THE OFFER CONSIDERATION REPRESENTS SIGNIFICANT PREMIUMS TO THE UNDISTURBED TRADING PRICES OF MUSGRAVE SHARES, AND A PREMIUM TO THE WESTGOLD OFFER

The following chart (refer to link below)* shows implied value of the Ramelius Recommended Offer versus the implied value of the Westgold Offer versus the Musgrave share price as of 30 June 2023(2).

Ramelius Recommended Offer

The Offer Consideration of \$0.04 cash plus 1 Ramelius share for every 4.21 Musgrave shares held, implies a value of \$0.34 per Musgrave share based on the 1-day VWAP for Ramelius shares on 30 June 2023, the last trading day prior to this announcement.(3)

This Ramelius Offer Price represents attractive premia of:

- 19% to Musgrave's closing price of \$0.285 per share on 30 June 2023.
- 39% to Musgrave's undisturbed 5-day VWAP of \$0.245 per share as at 5 June 2023.
- 47% to Musgrave's undisturbed 30-day VWAP of \$0.232 per share as at 5 June 2023.
- 54% to Musgrave's undisturbed 60-day VWAP of \$0.221 per share as at 5 June 2023.

This Ramelius Offer Price represents attractive premia of above the implied Westgold Offer:

- 27% to Westgold's implied offer price of \$0.268 per share on 30 June 2023.

The trading price of Musgrave shares on the ASX for the past 12 months compared to the Ramelius implied Offer Price as at 30 June 2023, the last practicable date prior to this announcement, is presented below (refer to link below)*.

2. RAMELIUS WILL ACQUIRE 12.13% INTEREST IN MUSGRAVE VIA PRE-BID ACCEPTANCE AGREEMENTS WITH THE MUSGRAVE BOARD AND THE LARGEST SHAREHOLDER

Musgrave Directors have entered into binding pre-bid acceptance agreements in respect of all the Musgrave shares they own or control to accept, or procure the acceptance, of the Ramelius Recommended Offer by no later than 5 days after the Recommended Offer has opened, subject to the ability to terminate the agreements if a superior proposal arises before 5 days after the Recommended Offer has opened. The Directors have voting power of approximately 2.43% in 14,372,664 Musgrave shares at the date of this announcement.

In addition, Westminex Pty Ltd (and associated entities), which is the largest shareholder of Musgrave as at the date of this announcement, has supported the Recommended Offer by signing a pre-bid agreement in respect of their 57,338,325 Musgrave shares (representing 9.70%) on the same terms as the Musgrave directors.

The total level of pre-bid commitments is approximately 12.13%.

3. THE RECOMMENDED OFFER PROVIDES INCREASED CERTAINTY OF VALUE FOR MUSGRAVE SHAREHOLDERS

The cash component of the Offer Consideration provides a certainty of value for approximately 11.7% of the consideration. In addition, Ramelius is a more liquid stock than Musgrave, providing enhanced investment flexibility.

Over the 3 months on ASX up to and including 5 June 2023(4), an average value of \$8.5 million of Ramelius shares traded per day, compared to \$0.17 million of Musgrave shares per day in the same period.

4. OPPORTUNITY TO BECOME A SHAREHOLDER IN RAMELIUS, WHICH HAS A HISTORY OF CASH GENERATION AND DIVIDEND PAYMENTS

Musgrave shareholders who decide to retain Ramelius shares forming part of the Offer Consideration will become shareholders in a financially strong, dividend paying gold producer with two existing production centres in Western Australia, a proven management team and a track record of growth and shareholder returns.

Ramelius is a constituent of the S&P/ASX 300 Index and the NYSE Arca Gold Miners Index, which is tracked by the VanEck Gold Miners ETF (GDX), and as such, has a strong and diverse shareholder base, which is underpinned by a significant institutional presence.

The addition of a high-quality development asset such as the Cue Gold Project is consistent with Ramelius' growth strategy and highly complementary to Ramelius' existing portfolio of operational assets.

5. ALLOWS MUSGRAVE SHAREHOLDERS TO REDUCE THEIR EXPOSURE TO RISKS ASSOCIATED WITH POTENTIAL DEVELOPMENT OF THE CUE GOLD PROJECT

As shareholders in a single asset company, Musgrave shareholders are currently subject to significant uncertainty and risks arising from the potential development of the Cue Gold Project.

The risks currently faced by Musgrave shareholders with regards to the Cue Gold Project include labour shortages and inflationary pressures being experienced in the Western Australian labour market, and the associated challenges of establishing a team with the required skills and experience to develop the Cue Gold Project into an operating mine.

In contrast, Ramelius has two existing production centres in Western Australia and an established workforce with strong operational and development experience, putting Ramelius in a stronger position to develop the Cue Gold Project and maximise the value for the benefit of shareholders. In addition, Ramelius today announced that its end of FY2023 cash and gold balance is \$272.1M, which includes the cash acquired as part of the recent purchase of Breaker Resources NL but more importantly a net cash generation from the business of \$42.6M for the quarter.

Accepting the Offer will allow Musgrave shareholders to significantly reduce their exposure to the risks associated with potential development of the Cue Gold Project.

6. THE RECOMMENDED OFFER WILL ALLOW MUSGRAVE SHAREHOLDERS TO POSSIBLY AVOID FUTURE EQUITY DILUTION

Given the Cue Gold Project's current early stage of development, any decision by Musgrave to fund the development of the Cue Gold Project is likely to lead to the future equity dilution of Musgrave's existing shareholders, to the extent they don't participate.

In contrast, Ramelius is in a strong financial position, with two existing cash generating production centres and has additional borrowing capacity to provide alternative funding sources to develop the Cue Gold Project without dilution of shareholders.

Westgold Offer

Musgrave shareholders should be aware that the Directors' previously announced their reasons for their recommendation that shareholders reject the Westgold Offer on 26 and 28 June 2023. These reasons are impacted by this superior Recommended Offer from Ramelius and the updated reasons for the Directors recommendation to reject the Westgold Offer will be included in Musgrave's Target's Statement to the Westgold Offer.

The Directors acknowledge that reasons 5 and 6 above could be considered in parts to be equally applicable to the Westgold Offer. In addition, the reasons the Directors previously recommended that shareholders reject the Westgold Offer included that "Musgrave delivers immediate growth to Westgold" and "Musgrave Shareholders may face adverse tax consequences if they accept the Westgold Offer" could also apply to the Ramelius offer. The Directors also acknowledge that their recommendation to reject the Westgold Offer due to the timing of that offer could also be applicable to the Ramelius offer. However, the Directors have carefully considered the Ramelius offer against the Westgold offer and determined that on balance the Ramelius offer is superior and recommend that shareholders accept the Ramelius Recommended Offer for the reasons outlined in this letter.

THE TARGET'S STATEMENT FOR THE RAMELIUS OFFER WILL BE ISSUED BY YOUR DIRECTORS IN THE COMING WEEKS AND WILL CONTAIN ALL OF THE INFORMATION YOU NEED TO CONSIDER THE RECOMMENDED OFFER.

PENDING RECEIPT OF THE MUSGRAVE TARGET'S STATEMENT, YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU:

- ACCEPT THE RAMELIUS RECOMMENDED OFFER, IN THE ABSENCE OF A SUPERIOR PROPOSAL
- REJECT the Westgold Offer by TAKING NO ACTION IN RELATION TO YOUR MUSGRAVE SHARES.

In considering whether to accept the Ramelius Recommended Offer, the Musgrave Directors encourage you to:

- read and carefully consider the whole of the Musgrave Target's Statement when received and the Ramelius Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain independent advice from your investment, financial, tax or other professional adviser on the effect of accepting the Recommended Offer.

Footnotes:

(1) The implied offer price for the Ramelius Recommended Offer and Westgold Offer will change with fluctuations in the respective share prices over time.

(2) Based on the closing price of Westgold shares on ASX of \$1.44 and the 1-day VWAP of Ramelius shares on ASX of \$1.263 on 30 June 2023. The implied offer price for the Ramelius Recommended Offer and Westgold Offer will change with fluctuations in the respective share prices over time.

(3) The implied offer price for the Ramelius Recommended Offer will change with fluctuations in the share price over time.

(4) The last trading day prior to announcement of the Westgold Offer.

*To view tables and figures, please visit: <https://abnnewswire.net/lnk/8U60UU42>

About Musgrave Minerals Ltd:

[Musgrave Minerals Ltd](#) (ASX:MGV) is an active Australian gold and base metals explorer. The Cue Project in the Murchison region of Western Australia is an advanced gold and copper project. Musgrave has had

significant exploration success at Cue with the ongoing focus on increasing the gold and copper resources through discovery and extensional drilling to underpin studies that will demonstrate a viable path to development in the near term. Musgrave also holds a large exploration tenement package in the Ni-Cu-Co prospective Musgrave Province in South Australia.

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