

# Westgold Resources And Karora Resources Inc. Complete Merger

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TORONTO and PERTH, Aug. 1, 2024 - [Westgold Resources Limited](#) (ASX: WGX; OTCQX: WGXR - Westgold or the Company) and [Karora Resources Inc.](#) (TSX: KRR; OTCQX: KRRGF - Karora) are pleased to announce the completion of the merger of Westgold and Karora to create a leading mid-tier gold producer and international gold company expected to be dual listed on the Australian Securities Exchange (ASX) and Toronto Stock Exchange (TSX).

Westgold has acquired 100% of the issued and outstanding shares of Karora (Karora Shares) by way of a statutory plan of arrangement under the Canada Business Corporations Act (the Arrangement). The merger creates a larger, more diversified and, subject to the final approval of the TSX, dual listed gold company, which:

- is globally investable - a mid-tier gold producer operating exclusively in Western Australia with a highly complementary combination of mining and processing assets, people, and a robust balance sheet;
- establishes a top five Australian gold producer (+400,000 ozpa) - with a pro forma market capitalisation of A\$2.5 billion (C\$2.3 billion<sup>1</sup>);
- becomes one of the largest unhedged Australian gold producers - providing investors with full exposure to the gold price;
- starts day one with an enviable pipeline of organic opportunities - including advanced greenfield, brownfield targets and exploration prospects across two of Australia's most prolific gold fields;
- provides enhanced capital markets profile - with increased scale, trading liquidity, and potential index inclusion for gold and generalist investors across ASX, TSX and OTCQX; and
- is led by a highly experienced management team - supported by a combined board of accomplished mining professionals with a proven track record of maximising value for shareholders.

Westgold Managing Director and CEO Wayne Bramwell said:

"Today marks the next phase of Westgold's evolution into a larger, unhedged and well-funded Australian gold producer. Our value proposition is significantly enhanced with an expanded team, quality operating assets and an enviable pipeline of exploration prospects across two of Australia's most productive gold fields.

The merger with Karora upsizes our Western Australian operating platform - an extensive and established asset base that can be increasingly leveraged for free cash generation and growth.

Westgold commences this new growth phase with a robust balance sheet and a plan focussed on realising a potential A\$281 million (C\$254 million<sup>2</sup>) in corporate cost savings and A\$209 million (C\$189 million<sup>2</sup>) in operating synergies.

I am proud to officially welcome our new shareholders and the Karora team to Westgold. Together, as a combined entity, we are positioned to become a leading global mid-tier gold producer focused on building a long term and sustainable business that consistently delivers value to our shareholders."

Karora Chairman and CEO Paul Huet said:

"I am excited for the next chapter in what has been a terrific journey for our shareholders and the Karora team. The growth of the company from a single mine with no mill to a multi-mine producer with two processing facilities has led us along an upward trajectory for nearly six years. The combination of Karora and Westgold to create a new Westgold is a transformative step that will ensure growth continues as an unhedged gold producer in a historically robust gold market.

The timing couldn't be better in my opinion.

I wish to thank all our shareholders and the entire Karora team for their support and efforts along the way. I look forward to the continued success as we join Westgold to create a stronger future for all our stakeholders."

## Overview

Under the terms of the Arrangement, each former shareholder of Karora (a Karora Shareholder) is entitled to receive 2.524 Westgold fully paid ordinary shares (Westgold Shares), C\$0.608 (A\$0.673<sup>2</sup>) in cash and 0.30 of a share of [Culico Metals Inc.](#) (Culico), a new company "spun out" from Karora, for each Karora Share held immediately prior to the effective time of the Arrangement (the Consideration).

Culico's assets comprise a 1% lithium royalty on certain mining interests held by Kali Metals Limited, the right to receive a deferred consideration payment due to Karora relating to the on-sale of the Dumont asset and A\$10.9 million (C\$9.8 million<sup>3</sup>) in cash. On closing of the Arrangement, Culico is 100% owned by former Karora Shareholders.

The cash amount received by Culico from Karora includes A\$5.360 million (C\$4.840 million<sup>3</sup>), representing the negotiated economically equivalent value of Karora's existing 22.1% interest in [Kali Metals Limited](#). Due to regulatory restrictions on transfer, Westgold has retained Karora's original 22.1% interest in Kali Metals Limited on completion of the Arrangement and paid the cash equivalent value to Culico in lieu of such interest.

The Westgold Shares are listed for trading on the ASX and, subject to final approval of the TSX, will commence trading on the TSX under the ticker symbol WGX at market open on 6 August 2024. Karora has applied to de-list the Karora Shares from the TSX, and delisting is expected to be effective at market close on 2 August 2024. Following the delisting of Karora, Westgold intends to apply for Karora to cease to be a reporting issuer under applicable Canadian securities laws.

Culico has applied to list its common shares on the TSX Venture Exchange (TSXV) through the TSXV Sandbox, an initiative intended to facilitate listing applications that may not satisfy all requirements and guidelines of the TSXV, but due to facts or situations unique to a particular issuer otherwise warrant a listing on the TSXV. Listing will be subject to Culico receiving conditional and final approval of the TSXV and satisfying all of the listing requirements imposed by the TSXV. Culico intends to provide further updates in due course; however, no assurances can be provided that the Culico common shares will be listed on the TSXV or any other stock exchange or, if listed on the TSXV, that Culico will satisfy the specific listing conditions that the TSXV will impose on Culico pursuant to the TSXV Sandbox.

All registered Karora Shareholders are encouraged to complete, sign and return the letter of transmittal, which has been previously mailed and is available under Karora's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca), with accompanying Karora Share certificate and/or DRS advice-statement(s) (if applicable) to Computershare Investor Services Inc. as soon as possible, if they have not already done so. Non-registered Karora Shareholders are encouraged to contact their broker or other intermediary for instructions and assistance in receiving the Consideration.

For more information on the Arrangement, see Karora's management information circular dated 17 June 2024, filed under Karora's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) on 21 June 2024.

## **Westgold Board**

Westgold Chair the Hon. Cheryl Edwardes AM will continue in her role, as will the other members of the incumbent Westgold Board, including Westgold Managing Director and CEO, Wayne Bramwell. In connection with the Arrangement, Karora Managing Director, Australia, Leigh Junk, and Karora Director Shirley In't Veld have been appointed to Westgold's Board. Karora's Chair and CEO, Paul Huet, will continue with Westgold in a special advisory role to the Westgold Board for six months, subject to contract finalisation.

Leigh Junk brings over 30 years of mining industry experience, including executive management and operations roles, and joined Karora in March 2023. Before this, he was Managing Director of Dacian Gold prior to its takeover by Genesis Minerals in 2022 and, prior to that, was Managing Director of Doray Minerals until its merger with [Silver Lake Resources](#) in 2019. Leigh was a co-founder of Donegal Resources, a private company that successfully acquired and recommissioned several Nickel operations in the Kambalda, Western Australia area, until it was sold to Canadian miner Brilliant Mining Corp. In 2006, Leigh has been a Director of several public companies in the mining and financial sectors in both Australia and Canada.

Shirley In't Veld has over 30 years of career experience in mining, renewables and energy sectors. She is currently a Director of Alumina Limited and Develop Global Ltd. She was formerly Deputy Chair of CSIRO (Commonwealth Science and Industrial Research Organisation), Director of NBN Co. Limited (National Broadband Network Co.), [Northern Star Resources Ltd.](#), Perth Airport, DUET Group, Asciano Limited and Alcoa of Australia Limited and a Council Member of the Chamber of Commerce and Industry of Western Australia. She was also the Managing Director of Verve Energy (2007 - 2012) and, previously, served in senior roles at Alcoa of Australia Limited, WMC Resources Ltd., Bond Corporation and BankWest Perth.

Shirley is also a past Chair of the Queensland Government Expert Electricity Panel and a member of the Renewable Energy Target Review Panel for the Australian Department of Prime Minister and Cabinet. She also served as a member of the COAG Energy Council Selection Panel, a Council member of the Australian Institute of Company Directors (Western Australia) and the SMART Infrastructure Facility (University of Wollongong).

## Reporting Issuer Status and Filing of Technical Reports

On completion of the Arrangement, Westgold became a reporting issuer in Canada in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. Accordingly, Westgold intends to file the following technical reports, each prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects (NI 43-101), on SEDAR+ under its new issuer profile, accessible at [www.sedarplus.ca](http://www.sedarplus.ca):

- the technical report entitled "NI 43-101 Technical Report, Fortnum Gold Operations, Bryah Goldfield, Western Australia" dated as of 31 May 2024 (with an effective date of 30 June 2023) prepared, reviewed and approved by Jake Russell and Leigh Devlin, each of whom is a "qualified person" for purposes of NI 43-101, for Westgold;
- the technical report entitled "NI 43-101 Technical Report, Meekatharra Gold Operations, Murchison Goldfields, Western Australia" dated as of 31 May 2024 (with an effective date of 30 June 2023) prepared, reviewed and approved by Jake Russell and Leigh Devlin, each of whom is a "qualified person" for purposes of NI 43-101, for Westgold;
- the technical report entitled "NI 43-101 Technical Report, Cue Gold Operations, Murchison Goldfields, Western Australia" dated as of 31 May 2024 (with an effective date of 30 June 2023) prepared, reviewed and approved by Jake Russell and Leigh Devlin, each of whom is a "qualified person" for purposes of NI 43-101, for Westgold;
- the technical report entitled "NI 43-101 Technical Report, Lakewood Operation, Eastern Goldfields, Western Australia" dated as of 4 January 2024 (with an effective date of 30 September 2023) prepared, reviewed and approved by Stephen Devlin, Peter Ganza and Ian Glacken, each of whom is a "qualified person" for purposes of NI 43-101, for Karora; and
- the technical report entitled "NI 43-101 Technical Report, Beta Hunt Operation, Eastern Goldfields, Western Australia" dated as of 2 January 2024 (with an effective date of 30 September 2023) prepared, reviewed and approved by Stephen Devlin, Peter Ganza and Graham de la Mare, each of whom is a "qualified person" for purposes of NI 43-101, for Karora.

## Advisors

*In connection with the Arrangement, Westgold engaged Argonaut PCF as financial advisor, Thomson Geer as Australian legal advisor and Stikeman Elliott LLP as Canadian legal advisor*

*Karora engaged Cormark Securities Inc., CIBC World Markets Inc., Desjardins Capital Markets and Haywood Securities Inc. as advisors, HopgoodGanim as Australian legal advisor and Bennett Jones LLP as Canadian legal advisor to the Transaction.*

## Forward looking statements

*This document contains "forward-looking information" and "forward-looking statements" which are based on the assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management of Westgold believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect or the actual results of which may vary or differ materially. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects', 'anticipates', 'plans', 'believes', 'estimates', 'seeks', 'intends', 'targets', 'projects', 'forecasts', or negative versions thereof and other similar expressions, or future or conditional verbs such as 'may', 'will', 'should', 'would' and 'could'. Forward-looking information contained herein includes, but is not limited to: the strengths, characteristics and potential of Westgold following completion of the Arrangement, including the achievement of any contemplated corporate cost savings and operating synergies; discussion of future plans, projects, objectives, estimates and forecasts and the timing related thereto; the timing of the listing of the Westgold Shares on the TSX and the delisting of the Karora Shares from the TSX; the timing and acceptance of the listing of the Culco common shares on the TSXV; the timing and acceptance of an application for Karora ceasing to be a reporting issuer in Canada; and the size and composition of the Westgold Board and the engagement of Mr. Huet as a special advisor*

*thereto. Readers are cautioned that the foregoing list and other information contained herein is not exhaustive of all factors and assumptions which may have been used by Westgold. Although management believes that the assumptions made by Westgold and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of Westgold or the combined entity to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the actual market price of gold, the actual results of current exploration, the actual results of future exploration, changes in project parameters as plans continue to be evaluated, changes in laws, regulations and practices, the geopolitical, economic, permitting, final approval of the TSX and legal climate that Westgold operates in. Westgold believes that the assumptions and expectations reflected in the forward-looking information are reasonable. Readers should not place undue reliance on forward-looking information. Westgold does not undertake to update any forward-looking information, except in accordance with applicable securities laws.*

*This document includes information that has been prepared by third parties, and views based on information that has been prepared by third parties. No representation or warranty is made as to the accuracy, completeness or reliability of the information. This document should not be relied upon as a recommendation or forecast by Westgold*

<sup>1</sup> Based on AUD:CAD of 0.9030 as at close 31 July 2024. Data sourced from IRESS.

<sup>2</sup> Based on AUD:CAD of 0.9030 as at close 31 July 2024. Data sourced from IRESS.

<sup>3</sup> Based on AUD:CAD of 0.9030 as at close 31 July 2024. Data sourced from IRESS.

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